

# FINANCIAL TIMES

No. 26,694

Tuesday June 17 1975

\*\* 10p

King & Co  
Industrial and  
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## NEWS SUMMARY

### GENERAL

## Coach crash kills nine

Nine people were killed when a holiday coach with pensioners from Brighton was in collision with an articulated lorry two miles north of Coatesgate, near Moffat in Dumfriesshire.

Thirty-six people were injured in the crash, on a stretch of dual carriageway between the M6 from England and the M74 south of Glasgow. It was the fifth serious coach accident in the U.K. this month.

The Environment Under-Secretary, Mr. Neil Carmichael, told the Commons that the Government was considering motorway restrictions on double-decker buses and coaches.

## Britain cuts South African defence link

The 20-year-old Simonstown agreements, under which Britain kept a small naval mission near Cape Town in return for the sale of warships and other weapons, has been terminated in an exchange of letters between Mr. Roy Mason, the Defence Minister, and Mr. P. W. Botha, his South African counterpart. Back Page

## Tory MP attacks Stonehouse delay

Commons debate on Mr. John Stonehouse should be held immediately for the sake of the reputation of Parliament, said Mr. Joseph Godber, Tory MP for Grantham and former Agriculture Minister, in a letter to Mr. Edward Short, Leader of the House. He claimed that Mr. Short's reasons for postponing the debate were "totally unconvincing".

## Lucan tried to kill me—wife

Lady Lucan told a Westminster inquest that her husband tried to strangle her by thrusting two gloved fingers down her throat on the night Mrs. Sandra Rivett, her children's nanny, was murdered. Counsel for the Dowager Lady Lucan referred to a letter from the Earl to Mr. William Shand-Kydd in which he said he was not guilty.

## Japan's Premier assaulted

Mr. Takao Miki, the Japanese Prime Minister, was punched and knocked to the ground by a Right-wing extremist who had offered him a knife, inviting him to commit suicide. Mr. Miki dropped his spectacles but was not injured in the attack minutes before the funeral of former Premier Eisaku Sato.

## Pledge to Amin

Foreign Secretary James Callaghan told the Commons that if "humanity prevails" over the two Britons facing death sentences he would go to Uganda in the near future to discuss with President Amin "the state of relations between our two countries". Page 12

## UDA 'chief' jailed

Thomas Thompson, alleged supreme commander of the Ulster Defence Association in the U.K., was jailed for ten years at Winchester Crown Court for conspiring to contravene firearms regulations. In a raid on an Ulster Defence Regiment centre at Magherafelt, Co. Londonderry, over 200 machine guns, rifles and pistols were stolen.

## Navy defies order

Prince Charles' ship, the Royal Navy carrier Hermes, defied a Canadian court order impounding her after a damage suit against two crewmen and sailed without them from Quebec harbour. The price is at home on leave.

## Briefly...

BBC TV will not be covering racing at Ascot this week after the broadcasting unions agreed not to cross stable lads' picket lines.

## CHIEF PRICE CHANGES

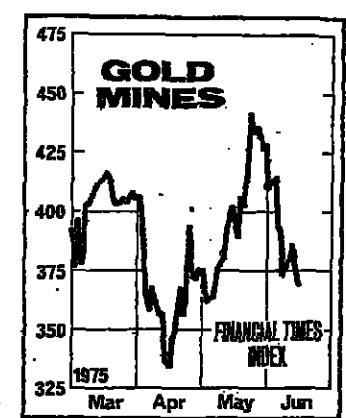
(Prices in pence unless otherwise indicated.)

RISES	
Bank of Ireland	450 + 10
Benson's Ltd.	91 + 6
Caffyns	38 + 6
Copper-Nickel	48 + 34
Central Manf.	613 + 4
Chown Secs.	19 + 3
Comet Radiovision	42 + 5
Dunlop (D.I.)	47 + 8
Long John Int.	147 + 26
Lyons (J.) "A"	168 + 6
Marchwell	79 + 5
Nurdin & Peacock	871 + 71
Pearson (S.)	123 + 5
Perbow	120 + 8
Pilkington	200 + 5
Reardon Smith "A"	217 + 7
Trafalgar House	105 + 3
Turner Manf.	52 + 4

### BUSINESS

## Equities drift down 5.1; Pound weaker

● EQUITIES began the Account quietly. The FT 30-share index had crept up 1.2 points by 11 a.m. but prices drifted down to leave the index off 5.1 at 335.5.



Among second-line issues, there was a small majority of rises over falls in FT-quoted industrial shares. Gold Mines index dropped 10.5 to 369.4.

● GILTS ended with losses of up to 1 in mediums and longs, which had earlier registered gains of 1 on the May trade figures.

● GOLD dropped 25s to \$164.

● STERLING weighted depreciation equalled its record closing "low" (recorded on Thursday), opening and remaining at 26.2 per cent. (25.9). Against the dollar it lost 80 points to \$2.755. Dollar's depreciation narrowed to 6.56 (6.59) but the yen's widened to 0.72 (0.24). Back Page

● WALL STREET closed 10 3/8 up at 832.56.

● POLICYHOLDERS' Protection Bill has been altered by the Government to meet objections by the insurance industry over compensation and the powers of the Secretary for Trade. Back Page

● ROVER production was halted at Solihull by a pay strike by 10,000 manual workers. Page 13

● COMMERCIAL UNION staff are to get pay increases of 13-15 per cent. backdated to June 1. This takes the rise since last June's annual deal to 37-41 per cent. Page 13

● NVT BOARD is expected to tell Mr. Eric Varley, the Industry Secretary, that it sees little alternative to complete nationalisation as a solution to the company's financial problems. Page 10

## Gulf, Rockwell in merger talks

● GULF oil company and U.S. military contractor, Rockwell International are holding talks on various forms of possible co-operation and amalgamation, ranging from joint ventures to a full merger.

● JAPANESE Government has launched an eight-point package of economic measures to boost demand by £2.6bn. This financial year. The measures—attached to a budget announced by one Minister—were announced on the same day as the May trade figures, showing a 2.5 per cent. drop in exports. Back Page

● LONG JOHN directors announced that talks are being held with Whitbread, that could lead to an offer for the whisky group. Back Page and Lex

● COMET RADIOVISION pre-tax profits rose from £1.16m. to £1.41m. on turnover down from £28.6m. to £25.6m. Page 23 and Lex

● CITY OF WESTMINSTER authority is to issue £4m. redeemable in 1981. Page 20

## Italian Communists make sweeping advance in regions

BY TONY ROBINSON

ROME, June 16.

The Italian Communist party made sweeping gains in today's regional and local elections which signify the virtual end of the Christian Democrat party's 30-year hegemony of power and made almost inevitable the entry of the Partito Comunista Italiano into the Government arena — not immediately but in the fairly near future.

With one-third of the votes counted, the PCI has overtaken the CD Party as the largest single party in Italy, but a PCI spokesman said the final result is likely to show the Christian Democrats still ahead with around 35 per cent. of the votes, and the PCI close behind at around 33 per cent.

The most important aspect of the electoral pattern so far is that the PCI's gains, and the smaller gains of the Socialist party, have been made not so much at the expense of the CD party but of the smaller parties such as the Socialists, Democrats and the Liberals whose share of the vote has halved.

The neo-Fascist Movement Sociale has lost the ground gained in its 1972 General Election upsurge. The CD party has seen its share reduced from 38 per cent. at the last regional elections in 1970 to between 34 and 35 per cent. now.

The PCI gained 28 per cent. at the last regional elections. The CD party has lost ground but the party has not been humiliated. It appears to have regained from the Social Democrats and Liberals, on its right, part of its heavy losses on the Left.

The same cannot be said for party secretary Amintore Fanfani. He fought this election on a rigidly anti-Communist and anti-Socialist line and has seen both his major opponents increase their vote substantially as a result.

Mr. Fanfani has called an urgent meeting of party leaders for Thursday. The question of his leadership is bound to be one of the problems to be faced.

## Two doubts

Survival of the shaky Christian Democrat - Republican government led by Sr. Aldo Moro is also clearly in doubt, and the formation of a new government under these circumstances is bound to be extremely difficult.

The pattern which has emerged from these elections is an entirely new one for a country accustomed to only marginal shifts in votes over the last 30 years. It reflects a desire for change which was expressed first in the divorce referendum last May and has now found its direct political expression.

It is a vote which confirms that the desire for change has over-

come the habitual caution of the Italian electorate. It reflects the mood of growing disenchantment with the ineffectual political results of 12 years of 'Centre-Left' coalitions and above all with the corruption, inefficiency and internal politicking which has characterised the last years of Christian Democrat control.

In many ways it also appears to be a vote against the personal immobility of Italian politics, which has seen not only the same parties, but the same men in power for decades.

In local and regional terms the results confirm the Communist or Communist-Socialist regional governments in Emilia Romagna, Tuscany and Umbria, where the ruling Left-wing parties received a massive endorsement in higher votes and have added Liguria to the list of potential "red" regions.

Marches also hang in the balance, and even Lazio, the region around Rome, has seen a considerable Left-wing advance.

The new electoral pattern also means several thousand new Communist and Socialist councillors in towns and villages

Continued on Back Page

## Volume of retail sales 14% down in May

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

RETAIL SALES in May fell by 14 per cent. from the April-May period, but the decline was not as high as it seemed in April during the rush to beat VAT increases.

The provisional volume index of retail sales compiled by the Department of Industry plunged from 120.2 in April (1971=100) to 103 in May.

While this brought it to the lowest level for over three years, the average of the two months taken together shows a little change from the first quarter, which at 111.5 was virtually unchanged from 111.6 in the fourth quarter of 1974.

Shop sales in May were hit not only by the reaction to the April spending spree, but also by the introduction of the Budget increases themselves. The income tax rises, as well as higher VAT, became operative during the month.

The feature of retail sales in the U.K. for some time now has been not so much their lack of growth as the fact that they have stayed at a high level.

This has occurred despite the deepening recession, largely because the rapid rise in wage rates and earnings has boosted consumers' real incomes.

Reports from the trade now suggest, however, that behind

the distortions of the April-May period there may indeed have been a genuine easing in retail sales. This is the picture presented by department store groups, although the Comet discount shop chain said yesterday

a follow-up to the larger exercise in April, the CBI found that 57 per cent. of participants in the consumer goods sector reported a fall in the value of new orders ("even in value terms") over the past four months, and only 23 per cent. recorded a rise.

In its report on the economic situation at the end of May the CBI stated: "Also on a falling trend (from very high levels) is the balance of firms expecting to increase domestic prices. For the majority of firms it is not unreasonable to assume that this reflects weak demand conditions rather than an easing in unit costs."

In general the findings of the CBI's May survey tend to ram home even more strongly the picture of recession shown by the April exercise.

The intake of total new orders and of new export orders, even expressed in value terms, has fallen over the past four months for more than half of manufacturing industry, risen for less than one-quarter.

"Looking ahead," the CBI Economic Situation Committee goes on. "More than twice as many firms expect the volume of output to fall over the next four months as to rise—the continuation of a weakening trend."

That sales "are rapidly recovering" from the low levels reached after May 1.

The latest findings of the Confederation of British Industry also point to an easing in the retail market.

In their May trends inquiry,

## Rail leaders 'ready to talk'

By Roy Rogers, Labour Correspondent

NATIONAL Union of Railwaymen leaders yesterday replied to Government pressure for them to lift their strike threat by telling the Prime Minister that they were prepared to negotiate at any time on their 30 to 35 per cent. pay claim.

The strike action is still due to start at midnight on Sunday. Yesterday general secretary Mr. Sid Weighell and his negotiating committee waited for two hours at their Euston headquarters for a response from Mr. Wilson. But when it became clear there would be no reaction from the Prime Minister before to-day, they dispersed.

They clearly hoped that Mr. Wilson would follow hints dropped by several senior Ministers over the week-end and urge the British Rail Board and the rail unions to reopen negotiations. They are staying in London in the hope of talks to-day.

Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Michael Foot, Employment Secretary, both gave the impression in week-end speeches that the Government might be prepared to allow a limited improvement in the railwaymen's 27.7 per cent. arbitration award to fend off damaging strike action, but that meeting the full claim was out of the question.

## Resolution

The NUR's 24-man national executive spent an hour discussing their Saturday night meeting with Mr. Wilson and other Ministers before unanimously backing a resolution stating that they "recognise the serious effects which would result from the rail strike. At the same time we would emphasise that the NUR claim is a just one."

"Further we are prepared to negotiate at any time to see how our case can be met."

Mr. Weighell stressed that the NUR was not approaching the BR Board for fresh talks.

The main difficulty for the Government and the BR Board is that all three rail unions, including the Associated Society of Locomotive Engineers and Firemen and the Transport Salaried Staffs Association, who have accepted the 27.7 per cent. award, will seek to share any new money put on the table.

A plan for strike-hit commuters to be given lifts to work by motorists with empty seats in their cars was launched yesterday by an organisation called Current Affairs Press.

## CBI wants Government in any pay deal

BY JOHN ELLIOTT, LABOUR EDITOR

CBI leaders are expected to make it clear when they start talks to-morrow night with the TUC on ways of curbing inflation that they are not interested in striking a deal on wages with the unions that excludes the Government.

They are, however, prepared to try to reach an understanding with the TUC on ways of halving the present 25 per cent. rate of price increases by the end of this year, with wages rises of under 15 per cent. This could be presented to the Government as a possible ingredient in an overall anti-inflation strategy.

This blow to the strategy of a CBI-TUC wages deal proposed recently by Mr. Jack Jones of the Transport Workers emerged yesterday at the same time as Mr. Hugh Scanlon of the Engineers launched his own personal opposition to any idea of cutting the size of wage increases allowed by the TUC's social contract pay guidelines.

Now the series of meetings on the country's economic and industrial affairs, which will dominate the political scene at least till the end of next month, gets under way to-day with a meeting of the National Economics Development Council, to be presided over by the Prime Minister. Later in the day Mr. Wilson will hold talks with CBI leaders on the future of the Industry Bill.

The NEDC meeting will also provide an opportunity for preliminary "private" exchanges between CBI and TUC leaders in advance of their talks to-morrow night. These talks were called for last week by the TUC economic committee after it had started examining the wage guidelines it should propose for next winter's pay round.

Mr. Jones suggested at the meeting that talks should take place urgently with the CBI, echoing a proposal he had launched earlier that the CBI and TUC should negotiate a "collective agreement" on wages without the Government being present.

Undesirable

But to-morrow night, when they meet at the TUC's headquarters, the CBI is expected to make it clear that it considers such an idea impractical and undesirable. This is because of the Government's key roles firstly in the management of the economy and secondly as a major employer through the public sector.

On the management of the economy, the CBI wants initiatives from the Government on cutting public expenditure and dealing with money supply to be part of the three-year stabilisation programme launched by the CBI's grand council last month. The CBI also wants to be involved with both the Government and the TUC in a long-term wages strategy with an annual inflation "target" initially fixed at 12 1/2 per cent. and dropping to 10 per cent. early next year.

It is these proposals, prepared last month for presentation to the Government, which CBI leaders have insisted should be on the agenda for to-morrow night's talks. They will be considered along with the TUC's document which passed through its economic committee last week envisaging possible flat-rate pay limits and the idea of pegging wage rises below a falling price rate.

Differences

But while superficially similar, the CBI and TUC ideas have several major differences which will make an understanding hard to reach. On the one hand, the TUC is unlikely to want to move to such a low inflation target as the CBI, which in turn is in favour of flat-rate pay limits because of the upsets they cause to pay structures.

In addition, the TUC would be unlikely to fix any flat rate limit low enough to satisfy the CBI.

The TUC is also likely to want assurances on planned industrial investment and on price restraint (with some union leaders even wanting a three-month price freeze). But the CBI will not agree, because it does not believe industry can withstand heavy price controls and will also point out that investment will increase automatically once inflation is curbed.

The CBI's interest in talks with the TUC may also be undermined if unions such as the engineers' and the miners' adopt high wage claims and reject the social contract—even though the CBI has no intention of becoming involved in Labour's social contract.

Attacks on those who want to tighten the social contract wage guidelines, launched yesterday by Mr. Hugh Scanlon, therefore undermine the TUC's position at the start of its talks with the CBI and those with the Government which will follow soon.

Scanlon speech, page 13

£ in New York

June 16 Previous

Spot 2.2720-2.2730 2.2720-2.2730

1 month 2.2620-2.2630 2.2620-2.2630

3 months 2.2620-2.2630 2.2620-2.2630

12 months 10.5-10.7 10.5-10.7

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## by ELIZABETH FORBES

## Death of leading German dancer

Bosni had not performed since turning from a tour with Dame Margot Fonteyn in May. He appeared only once in Britain—a charity gala last year at the London Palladium.

# Roy Harper

by ANTONY THORNCROFT

Judi Dench and Daniel Massey in the new production of Pinero's "The Gay Lord Quex", which opened last night at the Albery

## 'A time there was ...'

by MAX LOPPERT

**Correggio: Ecce Homo**

# Aspects of the Renaissance

by DENYS SUTTON, Editor of Apollo

# Patience and Fledermaus

by RONALD CRICHTON

Arvila Hörbiger

The Brünnelieners were headed by Waldemar Kmentz as an indefatigably athletic Eisenstein whose antics nevertheless left him enough breath for stylized and rhythmic singing. The strong ochman as Alfred the stoic unperceived comic talent—his drunken scene in the first act was extremely funny—but his singing was hard. Frösch was another person of Attila Hörbiger, who made the utmost of the sozzled prison warden's long solo spiel. The palm must go to the distinguished Dünch, the prison director. Frank, so stylishly convincing now to get involved in the producer's sillier ideas, was outwardly smiling behind the frown of disapproval. In the play, in the way of Frank's belated return to his duties. For the record, the scores were given according to the new Strauss complete edition, but the before the big waltz was done was in a version scored by Shostakovich. Another admirer, Johann Strauss, apart from Mozart probably the only composer whom all other composers love.

## 'Golden Age' concert at Penshurst Place

The cost of a ticket for the evening is £10. Tickets, which are limited to 200, are obtainable from The Floss Agency, which has offices at Sevenoaks, Tonbridge and Tunbridge Wells.

## APPOINTMENTS

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Sales	155,000,000	140,000,000
Profits		
before tax	20,261,000	19,915,000

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By Order of the Board,  
J. D. RAJ, Secretary  
Singapore.  
9th June, 1975

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**UNITED PLANTATIONS BERHAD**  
(Incorporated in the States of Malaya)

**NOTICE OF DIVIDEND**  
NOTICE IS HEREBY GIVEN that in pursuance of a Resolution of the General Meeting of the 54th Ordinary Dividend of 20% less 40% Malaysian dividend of 20% less 40% Malaysian dividend was declared in respect of the year ended 31st December 1978 i.e. the dividend payable to the shareholders bearing the date against coupon No. 551.

**NOTICE IS ALSO HEREBY GIVEN** that the Holders of Share Warrants to bearer coupon No. 551 should be presented for payment on or after the 17th June 1978, through the Company's Bankers, Messrs Hongkong & Shanghai Banking Corporation, 55, Robinson Street, London EC3V 0DU.

## LEGAL NOTICES

**M.M. LAND REGISTRY**  
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No. 162325—114228—115 Drums Silicon Metal—5,140 kilos.

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## EXHIBITIONS

**17TH ANTIQUARIAN BOOK FAIR**  
Europa Hotel, W.1. June 17-19, 11-8  
p.m. Opener: David Attenborough CBE.  
**TODAY at 11 a.m.**

**PERSONAL**

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## WORLD TRADE NEWS

## Japan, Russia have 'abandoned' Tyumen oilfield project

**TOKYO, June 16.** THE PROPOSED project for imports of Chinese crude oil, was unwilling to become involved, the reports said.

The committee spokesman, while effectively writing off Japanese participation in the Tyumen project, declined to rule out the possibility of Japan participating in developing other Siberian oilfields closer to Japan.

Other Siberian projects in which Japan is involved include development of natural gas, coal and timber resources.

Reuter

The Japanese side made clear at the committee's annual meeting last October that it could not accept the Soviet terms. They required Japan to advance about \$3.1bn. in credits and receive up to 25m. tonnes of crude oil a year, he said.

The Soviet side had made no new proposals and the project could now be considered shelved, the spokesman added. The project was dropped purely on economic considerations.

Press reports here, however, said a major stumbling block was Soviet insistence on building a second trans-Siberian railway instead of a pipeline to transport crude oil part of the way from the oilfields to the Soviet Pacific port of Nakhodka for shipment to Japan.

The proposed railway, which would run close to the sensitive Sino-Soviet border, was unpopular in Peking, and Japan, which has been increasing

## Contracts Abroad

**CONDOTTE D'ACQUA** (IRI Italian State-controlled group) has won the order to construct a commercial port and infrastructure costing \$1bn. at Bandar Abbas, Iran. The contract will be signed within a month, with work then starting and taking four years. Condotte heads a consortium of Mantelli et Cie, Dragomir, Italedil and Construzioni Meccaniche Finsider. The port will be on the Straits of Hormuz, with 8.5 kms of wharves.

**MONTREAL ENGINEERING** (Montreal, Canada) will design and serve as project manager for a Nigerian Government \$400m. hydro-electric development on the Niger river. The station will develop 500MW.

**SIMON-CARVES AUSTRALIA** will construct for \$566,000 a natural gas treatment plant at the Moomba site of Santos.

## Bulgarian plans to modernise industry

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

**BULGARIA** WILL spend three quarters of its investment budget in the next Five Year Plan, starting in 1976, on modernisation and reconstruction of industry, a senior member of the Sofia government said in London yesterday.

Mr. Nacho Papazov, the Minister responsible for technological innovation and a member of the "inner cabinet," said half the money would go on new projects.

The minister was speaking at the end of a visit to Britain during which he met Mr. Peter Shore, Secretary for Trade, and specialists in science, research and management.

Technology would be decisive in the next plan, Mr. Papazov told a news conference, and Bulgaria would seek to buy and exchange technology with other countries. Much of that he expected would come from other Comecon countries, but since effectiveness and cost were the main factors, Bulgaria would consider all offers.

Although willing to purchase technology, she would also want to acquire it on a co-operation basis, he added. The Minister said he expected some exchange between Britain and Bulgaria in science and management training resources.

## LRC to enter Japanese market

By Charles Smith, Far East Editor

TOKYO, June 16.

**LR INDUSTRIES**, a member of the LRC (formerly London Rubber Company) Group, plans to become the first company to break into the Japanese market for contraceptive sheaths.

The company has reached agreement with Fine Chemical Corporation, a Japanese concern specialising in import and distribution of chemical products, to start importing its contraceptives in September.

The hope is to sell about \$100,000 worth in the first year of trading. LR Industries has had to re-design its contraceptives specially for the Japanese market. The company believes, however, that potential demand should fully justify the investment involved.

Japan is the world's largest market for contraceptive sheaths, with an annual consumption of around 80m gross. Apart from contraceptives LR Industries is already selling a range of rubber products, including surgical and sanitary gloves through Fine Chemical under a recently-signed sales agreement. The company originally hoped to achieve Japanese sales of around \$250,000 during the first full year of the agreement, but now thinks the total may reach \$350,000.

## Wimpy bars for Latin America

BY HUGH O'SHAUGHNESSY

**WIMPY INTERNATIONAL**, a food subsidiary of Lyons, is beginning a major franchising effort in Latin America which it is hoped will result in the opening of 500 Wimpy bars in the region over the next ten years. There are 1,400 Wimpy bars in 36 countries of the world, nearly two-thirds outside the British Isles.

In São Paulo, the industrial capital of Brazil, Wimpy has its first foothold. The company expects to expand to Rio de Janeiro within a few months, and later move on to Venezuela and Colombia. The average holder of a franchise, it is estimated, could recoup an initial capital outlay of about \$20,000 in one or two years.

Wimpy is going into partnership with local interests in the marketing of franchises. They normally cost a flat fee of \$2,000, plus a royalty of 4 per cent on net sales.

Mr. Minoo Randeria, Wimpy International's commercial director, and Mr. John Servent, manager for South and Central America, say that Wimpy bars have caught on in São Paulo in particular because there are few eating places available to city workers. The bars are the cheapest sandwich bar and the expensive restaurant.

An attractive future is foreseen in Latin America, where the proportion of the population living in the cities is increasing rapidly. In 1970, 56 per cent of Latin America's 350m. people lived in cities. By 1980 63 per cent of a population of 577m. will be city dwellers. By 1990 the proportion of the world population living in cities will be 60 per cent.

## UNCTAD attack on restrictive practices

BY OUR ASIA CORRESPONDENT

**RESTRICTIVE TRADE** practices by companies in the rich countries are preventing the developing nations from building up their own industries in such vital areas as book publishing, the pharmaceutical and petroleum industries.

This is stated by the secretariat of the United Nations Conference on Trade and Development (UNCTAD) in a report to be presented next week to its Committee on Manufactures.

Besides preventing the growth of industries — and thus jobs — in the poor countries, the restrictive practices often drain valuable foreign exchange resources

by making the developing countries pay higher prices than they would if they had their own industries. The secretariat suggests an international code of conduct to prevent abuses.

In the section on book publishing the U.S. and U.K. are singled out for the way they have won control of the English language market. The Unctad team points out that books are vitally needed by the developing countries to spread education.

U.S. and U.K. publishers retain a monopoly market position in three ways: they operate an international market cartel, dividing the world market

between them to avoid direct competition; they have price fixing arrangements; and the U.S. copyright law offers additional protection.

In the U.S. authors (whether nationals or residents) must have their books printed and bound in that country to receive copyright protection. The secretariat says that Argentina, Hong Kong, India and Mexico are all hit by that provision.

In the pharmaceutical industry 12 transnational corporations hold a dominant international market position. Even in the developing countries which have measures over restrictive practices and pricing policies of the

manufacture of pharmaceuticals, the work is confined to compounding and packaging.

The multinationals control the market "through a variety of restrictive practices," including mergers, takeover and the use of patent and trade mark rights. Drug prices set by the transnationals vary from country to country according to what the market will bear, and suppliers often overcharge for essential ingredients.

On the petroleum industry, Unctad points out that various developed countries have taken measures over restrictive practices and pricing policies of the

# Asia?

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## Swiss clothing industry problems

BY JOHN WICKS

ZURICH, June 16.

**THE CAPACITY** of the Swiss clothing industry is currently being utilised to an average of only about 70 per cent, the annual meeting of the Swiss Clothing Manufacturers' Association was told. Dr. D. Cadruvi, president of the Association, said the situation had deteriorated substantially, with some 15 per cent of the 960 factories having cut production between September, 1974, and March this year.

Since April, over 30 per cent of all undertakings were attempting to counter difficulties by short-term working and compulsory holidays. Some 10,000 employees out of a total of 42,000 are believed to be on short time. Between January 1 and May 31 800 employees were dismissed, and further redundancies are expected in the second half year.

Dr. Cadruvi called for State support "within certain limits" for production and employment levels in the industry. He wanted measures against low price imports, obligatory indication of product origin and Government steps against protectionist rules in exporting countries. As examples of the latter, Dr. Cadruvi quoted import licences and control rules in the U.K., Belgium, Holland and France, import deposits in Portugal and special import levies

currency hardening against the pound. West German exports to the U.K. of men's and boys' wear fell 20 per cent to DM13.9m. (\$2.57m.), giving Britain a surplus for the first time for some years.

The U.K. share of the total German men's wear market half will come from outside Germany, including 60 from EEC member countries, and is concentrated very largely at the top end of the market.

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## FORTNUM &amp; MASON

(Foreign Warehousemen, Grocers, Wine, Spirit and Cigar Merchants and Ladies' and Gentlemen's Outfitters)

## CHAIRMAN'S REVIEW

The 70th Annual General Meeting of Fortnum & Mason Limited was held on June 16th at the May Fair Hotel, Berkeley Street, London, W.1.

The following is the statement of the Chairman, Mr. W. Garfield Weston, which has been circulated with the report and accounts for the period ended 25th January, 1975.

The past year has been one of considerable difficulty in many aspects of our operations. In the light of these various problems I am pleased to be able to report profits in excess of last year.

Profit before taxation increased by £37,498 to £310,790 for the year, compared to £473,283 for the previous year. After charging taxation of £278,724, including £192,978 dealt with as a charge from a fellow subsidiary in respect of looking after its own group taxation relief, the profit after taxation amounted to £234,066.

In view of the increase in profits it is proposed to increase the final dividend to 18.5p per £1 stock. This gives a total dividend for the year of 19p per £1 stock compared with 17.8p per £1 stock in the previous year. Dividends on the preference stock and the interim dividend on the ordinary stock were paid on the due dates.

The commencement of our year coincided with the period following the three-day working week and consumer demand remained below the level of the previous year.

The declining international economic outlook particularly affecting the major industrial countries of North America, Europe and Japan resulted in a conspicuous decline in both the numbers and spending power of overseas tourists visiting London, a sector which has always provided a major element of our summer trade and apart from brief pre-budget spending bursts demand remained flat throughout the financial year.

At the same time costs continued to rise at an increasing rate and although economies have been made throughout the store it has been impossible to avoid entirely the effect of cost increases in virtually every area of our operation.

In spite of the market situation throughout the year we have refused to economise on the item which we regard as part of our stock in trade, namely the maintenance and continuing improvement of the store. Our strong liquid position enabled us to ride out the trough caused by the severe economic conditions now being experienced in many countries; at the same time we shall continue with our long-term programme of asset modernisation and improvement which will enable us to reap the benefit of the anticipated upturn in consumer demand as the international economic outlook begins to improve.

During the year the mezzanine floor has been completely refurnished and the Mezzanine Restaurant now occupies almost the whole of the floor and over the famous ground floor, is now one of the most fascinating eating places in London. This development has allowed us to create, on part of the site of the previous F&M Bar, the new Mezzanine Restaurant, providing a delightfully restful and intimate dining room in contrast to the open aspect of the Mezzanine Restaurant. The alterations to the mezzanine floor were achieved partly by moving the correctionary department to the first floor and this move has been a very successful one both for the department and for the store. The sales of the department have not been affected by the move and its presence has brought additional customer flow on to the first floor. In addition to these alterations our provisions department has been re-designed to allow better operational efficiency and improved customer service.

Service to the customer must always be one of the foundations upon which the success of Fortnum & Mason is built and this can only be achieved by the efforts of all our staff. One of the reasons why Fortnum & Mason remains unique is the quality and loyalty of that staff and in trading conditions such as those recently experienced it is they who continue improving all aspects of our store and its wonderful reputation and we face the future with even greater confidence.



## AMERICAN NEWS

## Supreme Court upholds ruling against AT and T

BY GUY DE JONQUIERES

NEW YORK, June 16.

THE U.S. Supreme Court let stand today an order by the Federal Communications Commission requiring American Telephone and Telegraph to provide interconnection services to specialised communications carriers.

The court's refusal to review a previous lower court ruling puts an end to a protracted and often bitter controversy which has pitted AT and T against both the FCC and its smaller competitors in the fast-growing private lines market.

In fact, AT and T has already bowed to pressures from the FCC, reluctantly granting interconnection rights to MCI communications of Washington, DC, and other private line companies. But the Supreme Court's tacit endorsement of the FCC order underscores these arrangements with the full force of law.

Before negotiating an agreement with the FCC last April, AT and T had repeatedly refused to grant interconnection rights to MCI and other smaller companies which compete with the Bell system in providing long-distance specialised communications services, mainly to business customers.

Private line companies operate radio microwave circuits running between major cities, which can be used for voice communication, the transmission of computer data and other purposes. To link a customer to a terminal, the companies use AT and T telephone circuits.

AT and T had objected particularly strongly to MCI's so-called Executive service, which enables business customers to make long-distance telephone calls using MCI's interstate circuits. AT and T argued that this deprived it of revenues and amounted to outright competition in the long-distance field.

## TWA sells more Jumbos to Iran

By Jay Palmer

NEW YORK, June 16.

TRANS WORLD Airlines, desperate for hard cash to bolster up its slumping domestic operations, has sold three more Boeing 747 Jumbo aircraft to the Iranian Government for \$49.5m. This sale of 747s is TWA's second to Iran this year. In January the airline sold six for \$99m, and said that it was discussing the sale of six more.

TWA sold its nine aircraft, which originally cost about \$25m each, at \$16.5m apiece, or well under current depreciated book value. Although the airline this morning confirmed that no further 747s would be put up for sale (TWA's Jumbo fleet now totals 10 aircraft), it is understood that the Iran Government has been offered, and is considering purchasing, a few Lockheed L-1011s.

While this current loss-making sale will clearly avert the possibility of TWA being forced into bankruptcy, its desperate plight remains. Last week the airline, applying for a 1975-76 federal cash subsidy of \$84.1m, forecast a domestic loss of \$124.2m, and warned that it was "perilously close to a last-resort situation."

TWA's increasing financial difficulties, unlike those of Pan American World Airways, stem from a very large extent from its domestic operations. Rising costs have eliminated narrow profit margins, while the U.S. airline fare price war continues to cut returns without any compensating increase in passenger traffic. While Pan Am's problems of overseas petrol price increases remain, its solvency is now all but assured by the imminent signing of the airline's special deal with Iran.

## THE ARGENTINE ECONOMY

## Sr. Rodrigo's blockbuster

BY ROBERT LINDLEY, BUENOS AIRES CORRESPONDENT

ARGENTINES have a word for the "Rodrigo" or "Rodrigo Blockbuster" which hit them when Sr. Celestino Rodrigo, an industrial engineer and their third Minister of Economics since the Peronists resumed power, put through the biggest devaluation ever of the Argentine peso and set off a series of breathtaking price rises.

Many of the consequences are already much in evidence: shops, from the smallest to the largest, are closed long enough for prices to be marked up, although the makeshift little signs on the locked shutters usually proclaim "closed for mourning" or "closed for inventory" (at a time of the year when inventories are never taken in Argentina). The shops and supermarkets which brave the onslaught with open doors are virtually raided and their shelves left empty by shoppers desperate to buy what they can before the full impact of the "Rodrigo" is felt. The Buenos Aires traffic problem is suddenly solved by the increase in petrol prices (172.7 per cent., in the case of high-octane petrol), so that the one-time motorists leave their cars at home and take the train, tube or bus instead.

The full impact of these new measures taken by Sr. Rodrigo are likely to be felt before the end of the month, by which time the doubled (in some cases tripled) prices for most services and commodities — including necessities — will have drained the purses of many families. President Maria Estela Martinez de Peron has granted an increase of the new peso equivalent of 65 per cent. on the basic monthly wage, but this has brought satisfaction to hardly any wage-earner. The wage negotiating committees were supposed to have come up with new agree-

ments by May 31. So far how- ever only four unions, all of them minor ones, have accepted the Government's original offer of 38 per cent. rises.

Now the Government has set Thursday as the deadline for the most recently between 1967 and 1970 under President Juan Carlos Onganía. Gen. Onganía was much praised — still is, in fact — for "keeping the lid on wages." But with the increased cost of living, it was precisely this which caused

any other — Government in Argentina are obvious. The "International Monetary Fund shock treatment" imposed by Economy Minister Rodrigo has been applied in Argentina before, most recently between 1967 and 1970 under President Juan Carlos Onganía. Gen. Onganía was much praised — still is, in fact — for "keeping the lid on wages." But with the increased cost of living, it was precisely this which caused

"could be applied only in two countries: in Germany, with the occupation forces, and in Brazil, with bayonets. I would like to know how it can be applied here," he added — only for the readers of some of the more daring publications, as it turned out. It seems that more of the same is in store, because Sr. Rodrigo has said that gradual measures will be taken and that they will be explained as they are adopted. In announcing his devaluation of the new peso — which increased the financial rate from Pesos 15 to Pesos 30 to the dollar, and the commercial rate from Pesos 10 to Pesos 26 — he merely said that its purpose was "to give back to the country its capacity to export and to decrease incentives to import." Apparently, and if so possibly correctly, the Economy Minister thinks that no amount of preparation or explanation would do much good. "To-morrow they will have me, or to-morrow we start doing things properly," he said.

The wage-earning masses are clamouring for anything to end their predicament — in many cases even for a coup, which before the "Rodrigo" did not seem to interest them one way or another. That appears less likely to materialise now than previously, when control of the Government might have looked an easier task to plotters. Actually, the fire of the masses is not directed mainly against Sr. Rodrigo, or even against President Peron, but against the Social Welfare Minister Sr. Jose Lopez Rega, who as the President's closest advisor now definitely is the strong man in Government. Sr. Lopez Rega has chosen this moment to take a few days holiday at an undisclosed hideaway. It is only known that he was deposited in an air force jet at Rio de Janeiro on Thursday night.

'The wage-earning masses are clamouring for anything to end their predicament — in many cases even for a coup.'

There seems to be a strong possibility that if the unions do not accept the 45 per cent. rise, the Government will simply decree it.

It is here, of course, that all of the talk about "the end of Peronism's demagogic stage" is based. Always before, from the time when the then Col. Juan Peron took over the Government's manipulation of labour late in 1943 — excepting the 1955-1973 period when the Peronists were out of power — the Peronists had managed to keep wages on a par with prices. But now, with a foreign debt of more than \$9bn. and redemptions due this year of more than \$2.2bn., but with only \$700m. in the treasury reserves, and moreover a probable negative balance of trade of \$600m., Peronism's 30-year innate of open-handedness, no matter what, has to be abandoned. The dangers inherent in this situation for a Peronist — or for

the 36-hour pocket civil war remembered as the "Cordobazo" in Cordoba City, the Argentine, in May 1969, and it was this in turn which led directly to Gen. Onganía's fall from power nine months later.

There was labour unrest last week in several Argentine cities, but most pronouncedly in Cordoba City, where workers in several car industry plants downed tools and marched in the streets to press (unsuccessfully) their demands for an emergency wage rise to get them over the present impasse.

Last week also, television viewers were prevented from seeing and hearing yet another opposition criticism of the Government. In a pre-taped interview, which was not broadcast because of "technical imperfections," Radical Party economist and former Central Bank president Felix Elizalde said that a plan like that of Sr. Rodrigo

was "not directed mainly against Sr. Rodrigo, or even against President Peron, but against the Social Welfare Minister Sr. Jose Lopez Rega, who as the President's closest advisor now definitely is the strong man in Government. Sr. Lopez Rega has chosen this moment to take a few days holiday at an undisclosed hideaway. It is only known that he was deposited in an air force jet at Rio de Janeiro on Thursday night."

U.S. WILL OPPOSE OIL PRICE RISE

PARIS, June 16. PRESIDENT GERALD FORD has said that the U.S. will vigorously oppose, as far as it can, any increase in the price of oil.

In an interview with the weekly L'Express, President Ford reiterated the importance of co-operation between consumers and the need for a U.S. energy programme. "I hope that the International Energy Agency will have a firm position in any future negotiation with oil producers. A new increase is not in the interest of either producers, consumers or developing countries," the President is quoted as saying. AP-DJ

## Dollar issue solution sought

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, June 16.

FOLLOWING LAST week's stalled talks on monetary reform in Paris, the U.S. authorities are now apparently trying to inject new momentum into the negotiations by offering to widen their scope to include the old problem of the dollar overhang again.

In speeches to the American Bankers Conference in Amsterdam over the weekend, both Dr. Arthur Burns of the Federal Reserve and the Treasury Secretary, Mr. William Simon, suggested that the IMF negotiators should now aim for a broader package of reforms that might include the whole problem of excess liquidity in the world caused by the outflow of dollars from the U.S.

In particular, Dr. Burns mentioned again the possibility of arranging a substitution account with the IMF, through which the countries with excess dollars in the reserves could exchange these for Special Drawing Rights, as well as an increase in

the size and duration of the federal reserves swap networks with other central banks.

The Treasury Secretary's remarks were somewhat less enthusiastic than those of Dr. Burns — but this is not surprising since only a few weeks ago he told a Congressional committee that the U.S. was no longer interested in funding held dollar balances, since in a floating system it believed that all dollars were now willingly held. Nevertheless, both Mr. Simon and Dr. Burns agreed that the monetary reform talks should now be broadened beyond the narrow issues of gold and floating exchange rates — over which they broke down in Paris — to deal with "the basic question of excess monetary liquidity."

The funding of excess dollar balances held outside the U.S. by foreign Governments was one of the agreed objectives of the monetary reform exercise begun in 1972 after the Nixon administration devalued the dollar and

declared it inconvertible. However, along with most of the remainder of this blueprint for a new monetary order, it was swept away by world inflation and the oil price crisis.

By reviving the overhang question now, the U.S. may be seeking both a tactical and a longer term advantage. In immediate terms, the offer may appear an American "concession" which could improve the atmosphere in September when Ministers take up the issues left unresolved in Paris and try to reach agreement on reducing gold's monetary hold and on new rules for floating. But it is also true that agreement is probably more important than ever this September for the U.S., which already sees the Common Market countries moving back towards more fixed exchange rates through their "snake" — and fears that without swift international action, they may be encouraged to develop a gold bloc as well.

## IBM amends satellite participation plan

BY CHRISTOPHER LORENZ

IN AN ATTEMPT to secure official approval, International Business Machines has amended its controversial plan to enter the satellite communications business.

In February, the U.S. Federal Communications Commission rejected the joint petition by IBM and Comsat which would have given IBM a 55 per cent. stake in CML Satellite Corporation and Comsat 45 per cent. But the FCC, which is anxious to boost competition and traffic in the nascent satellite communica-

tions business, left the door open with a series of alternative options.

IBM and Comsat replied in the spring that the language of the FCC's response gave them "serious concern" and that they would decide as soon as possible, not only how, but "whether" to proceed.

While they are still unhappy about the language — on the grounds that the conditions are subject to different interpretations and in some cases appear unworkable — IBM and Comsat have now agreed to the Commission's "balanced CML" option,

which would introduce at least one more shareholder into the partnership with a stake of over ten per cent.

The apparent intention behind this proposal from the FCC was to limit IBM's influence on the provision of satellite communications, which in future will become a crucial sector of telecommunications for the long-distance transmission of data as well as voice traffic. "Preliminary discussions with potential partners have commenced," the two companies have told the FCC in a letter. But names are being withheld for the present.

## Nato nuclear meeting opens

MONTEPERY, June 15.

DEFENCE MINISTERS of the North Atlantic Treaty Organisation (Nato) open a two-day meeting here to-morrow amid concern over the number and deployment of nuclear weapons in Europe.

The meeting of the Nuclear Planning Group, which is made up of the defence ministers of Belgium, Denmark, West Germany, Italy, Turkey, Britain and the U.S. is the first of its kind in the U.S. since 1969. Reuters

## Oil reserves fall in Canada

By Our Own Correspondent

TORONTO, June 16. THE conventional crude oil reserves in the province of Alberta, which account for the bulk of Canada's proved oil supplies, declined by 256m. barrels in 1974 to 6.3bn. barrels or less than 13 years' supply at present rates of consumption, according to the Alberta Energy Resources Conservation Board. This is the fifth consecutive year in which reserves have declined. During the year a total of 242m. barrels were added to the province's reserves by new discoveries, improvement in recovery methods, and reassessment of existing reserves in some pools.

## Chile executes 'guerillas'

BY HUGH O'SHAUGHNESSY

THE Chile MIR Left-wing guerrilla organisation, backed by the Argentine Marxist ERP guerrillas, has sent two armed groups across the Andes to Chile to begin a campaign against the Government of General Augusto Pinochet, according to Argentine police sources quoted by Reuters. Five members of the first group were executed on Sunday by Chilean authorities. They had been captured after killing an army captain in the southern Chilean town of Talca.

General Gustavo Leigh, member of the Chilean Junta and head of the air forces, has called for closer links with Argentina in the cause of combatting a "cunning and ruthless common enemy."

General Leigh was conferring on his Argentine opposite number, Brig. Hector Luis Fautario.

Meanwhile, the Chilean Junta has acted energetically in response to tough criticism of its agrarian policy by the Catholic Church. Gen. Tucapel Vallejos, the Agriculture Minister, has rejected church criticism as not "clear or concrete."

Last week Mr. René Valdivieso, of the Archdiocese of Santiago said that the Junta's present agrarian policies had resulted in more than 25 per cent. unemployment among those peasants who had benefited from earlier agrarian reforms.

## U.S. WILL OPPOSE OIL PRICE RISE

PARIS, June 16.

PRESIDENT GERALD FORD has said that the U.S. will vigorously oppose, as far as it can, any increase in the price of oil.

In an interview with the weekly L'Express, President Ford reiterated the importance of co-operation between consumers and the need for a U.S. energy programme. "I hope that the International Energy Agency will have a firm position in any future negotiation with oil producers. A new increase is not in the interest of either producers, consumers or developing countries," the President is quoted as saying. AP-DJ

## Norvic step up steam control, save 25% heating fuel

The cost of space heating for 200 employees at the Norvic Shoe Company's head office building in Norwich more than trebled last year.

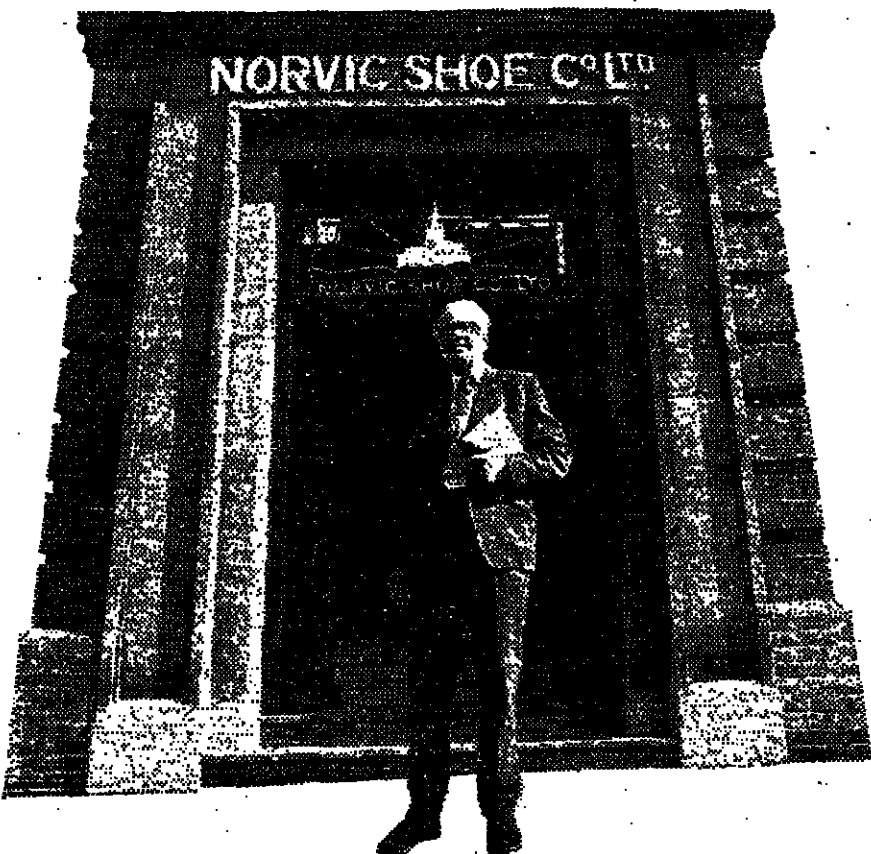
In October Norvic called in a firm of steam engineering specialists to survey the premises, which include office blocks adjoining a warehouse and process area.

Following the survey, measures were put in hand to improve the efficiency with which steam and waste heat are used. For example, two flash steam recovery systems were installed; thermostatic temperature controls were fitted throughout the building; and an extensive insulation programme was undertaken, which included draught-proofing stockroom windows with polythene sheeting.

## Capital outlay:

Steam control equipment.....	£1,500.
Insulation materials.....	£1,000.
Pipework, etc.....	£300.
Installation costs.....	£2,200.

**Savings to date:** Over the last 20 weeks of a 34-week heating season, the above measures resulted in a 25% fuel saving — 11,500 gallons of medium fuel oil. That's £2,160 saved so far. At this rate, the improvements will have paid their way in less than one and a half heating seasons.



Chief Engineer and Maintenance Manager Harry Schull monitors fuel intake and consumption weekly and plays a key role in keeping the company energy-conscious.



This mass of pipes being viewed by Maintenance Engineer George Clarke looks complicated. But what it does is really quite simple: it recycles, in the form of steam, heat which would otherwise have gone to waste. This flash steam recovery system — as it is called — is used to heat the warehouse and process area and has significantly reduced fuel consumption.



Maintenance Engineer Mick Norton adjusts a setting on a combined pressure-reducing valve and temperature control. As a result of measures already taken, boilers can be kept on low fire most of the day after initial warm-up and working conditions are more comfortable. Work to be completed includes further insulation and the installation of more temperature controls.



Issued by the Department of Energy



## EUROPEAN NEWS

## Lisbon reshuffle possible after crisis Army meeting

BY JANE BERGEROL

LISBON, June 16.

PORTUGAL is in the grip of another political crisis, but the indications are that this time serious decisions are going to be made, which in the words of one politician "will either push the revolution forward or back-wards—but it cannot continue in this middle."

The political commission of the Supreme Revolutionary Council, headed by Prime Minister General Vasco Gonçalves, has been meeting since last Friday to resolve a number of crucial questions for Portugal's future. At stake immediately is the Fourth Coalition Government, the possibility of a major reshuffle removing the politicians and leaving a Cabinet of military ministers and non-party technocrats has again appeared, although it was brushed aside a fortnight ago by the armed forces' General Assembly.

The new crisis has been triggered not by dissension among the military so much as by a concerted offensive by the Communist Party in a number of key fields.

With the aid of extreme Leftists among typographical workers, the Communist Party brought closure of the Republic newspaper. This afternoon Copcon security forces re-opened the paper but the editor refused to enter the building unless "certain conditions" were granted, including the management's right to sack dissidents.

Later, Copcon handed over the keys of the building to typographical workers since the editor would not take possession of his building. Confrontation is expected tomorrow with typographical workers due to open up the newspaper. They may occupy the building and exclude the management—the original cause of the closure.

Far more important in many people's eyes is an attempt by the Communist Party and the Com-

unist dominated MDP-CDE party to gain control of Caixa da Previdência, Portugal's national social security contributions institution under the Ministry of Social Affairs and the Popular Democrat Minister, Dr. Sa Borges.

The Previdência is regarded as a key institution, in that it

## GANG STEALS MACHINE GUNS

THE GROWING restlessness in Portugal has been exemplified by the incident on Monday when five armed men were able to raid an army barracks and make off unchallenged with a haul of rifles and machineguns.

Troops guarded the State radio station in Lisbon yesterday and travellers said Left-wing civilian vigilantes had put up barricades on some roads leading into Lisbon.

The Copcon military security forces issued a statement calling for "Popular vigilance by revolutionary workers" to help find the gang of armed men who made away with the rifles and machineguns from the barracks at Santa Margarida in central Portugal. Long queues built up on roads into Lisbon as soldiers checked cars.

administers millions of escudos to industry and could exercise wide control over hundreds of firms in Portugal. Its funds—derived from compulsory employers' and employees' contributions—are used to pay social security benefits but are also loaned out as credits to firms in difficulties. The Communist Party, if it gained control of the Previdência administration,

could set out to take over the hundreds of firms who, because they are nearing bankruptcy in the current economic crisis, have failed to pay their contributions. It could also select those who would benefit from credits and can control individual social security benefits, thus holding a political lever.

The Social Affairs Minister warned the Supreme Revolutionary Council some days ago of the offensive and asked for its help. Today he has gone before the Council's political commission.

Lisbon is tensely awaiting the military's decision on this and the Republic case, while the country as a whole is watching, to see whether the Armed Forces Movement (AFM) finally divides openly between pro-Communists and anti-Communists and one side or another wins a clear victory.

Rumours that the reshuffle, if there is one, might finally result in the departure of General Gonçalves as Prime Minister are again running the streets, but are unlikely to be translated into fact.

President Costa Gomes returned today from his State visit to Romania but has not yet joined the Supreme Revolutionary Council meeting, staying closeted in Belem Palace where he is receiving few visitors. In his absence, and in the absence of the formal Vice-President, Admiral Pinheiro de Azevedo in the U.S., observers were interested that General Carlos Fabião, Army Chief of Staff, took the interim Presidency.

It is an unusual choice in that the General was not an AFM member until mid-1974, many have better AFM credentials than he, but it may reflect a desire to have a strong Army man heading the country.

Facts with Romania  
Next page

## Karamanlis rejects Turkey's EEC views

By Our Own Correspondent  
ATHENS, June 16.

GREEK Premier Constantine Karamanlis today rejected Turkish allegations that Greece's application for full membership of the EEC was intended to marshal support for Greece in its many disputes with Ankara.

In a written statement issued by the Ministry of the Press, Mr. Karamanlis stressed that Greece's policy to seek integration in the Common Market antedated her disputes with Turkey.

Trying to allay fears expressed by Turkish leaders that Greece's full membership might constitute an obstacle for Turkey to do the same, Mr. Karamanlis said Greece neither has nor will have objections to Turkey's integration if and when Turkey decides its economic conditions allowed this. But he rebuked Turkish Premier Süleyman Demirel for saying that the Greek economy was still not ready to join the EEC as a full partner. He said this decision was up to Greece and the EEC, not to Turkey.

Marlin Münir writes from Ankara: Turkey's National Security Council, the policy body of political and military leaders, announced today it had worked out retaliation measures against the U.S. arms embargo imposed on Turkey last February. The Government was to discuss the council's recommendations tonight.

After a special six-hour meeting, the policy-making council said in a communiqué that Turkey had been forced to consider retaliation after a high-level unilateral breach of defence agreements by imposing the embargo. The council had thus "worked out the order of priority for necessary measures to be taken by Turkey."

## France expected to rejoin currency 'snake' soon

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

LUXEMBOURG, June 16.

THE FRENCH franc is expected to return soon to the "snake" and agreed to along these lines, European currencies, even though France's requests for changes in the system have not been fully met by the other participating countries.

Most notably, the five countries that are full "snake" members—Germany, Denmark and the Benelux countries—have rejected a French proposal for a link between the European system and the dollar aimed at preventing the "snake" moving too high against the U.S. currency.

No final decisions were taken at today's meeting here of Finance Ministers from the "snake" countries. But M. Jean-Pierre Fourcade, the French Minister, indicated that a move could be expected by the next EEC Finance Council on July 10.

German officials said they expected an early announcement from Paris and that the decision would be formalised at the July 10 meeting, while Mr. Willy de Clercq, the Belgian Finance Minister, predicted that the franc's return would be settled within the next few weeks.

At today's meeting the "snake" Ministers agreed that in current monetary conditions it would not be possible to pursue "a policy of intervention vis-à-vis the dollar going far beyond the aim of maintaining orderly market conditions."

The Ministers declined to commit themselves to new intervention rules ensuring that the "snake" countries with the weakest currencies should not have to bear the full burden of currency support, as France had suggested. They accepted, how-

ever, that "pragmatic" steps could be taken along these lines, and agreed to review the situation again in six months' time.

On the other hand, the Ministers responded favourably to France's request for an extension of the monthly resettlement period for balances resulting from intervention in "snake" currencies. They agreed that credit should be available, up to certain limits, for an additional six months.

The Ministers made no progress on whether the Swiss franc should be allowed to join the system as an associate member. France continuing to oppose the idea. The subject will probably be raised again at the July meeting, but many officials

here now doubt whether any decision will be taken before September at the earliest.

Meanwhile, both Italy and Ireland today reaffirmed their interest in borrowing under the Community's plans to raise loans from oil-producing countries for re-lending to member states with balance of payments difficulties in the wake of the energy crisis. The Commission has been authorised to raise up to \$3bn. in a first phase of the operation.

Italy has so far reportedly put in for only \$300m., and Ireland for only \$200m., but officials said precise figures have yet been settled. Britain, which has reserved its position, has still not submitted a formal request to borrow.

## Decision deferred on increasing capital of EIB

BY DAVID CURRY

LUXEMBOURG, June 16.

FINANCE ministers of the Nine today deferred a decision on raising the capital of the Community's development finance bank, the European Investment Bank (EIB). They will reopen the question of the bank's desire to increase its subscribed capital by about 150 per cent. from its present 2,025bn. units of account (u.a.) when they meet next month. The finance ministers of the Nine constitute the EIB's Board of Governors. It is thought that West Germany particularly argued that the proposed increase was too steep.

The decision was taken as the EIB published its report for 1974, which showed a net profit of 36.3m. u.a. The two main features of the report are the volume of lending to the energy sector, reflecting the Community's desire to increase its own resources in this sector.

Last year the EIB devoted about 48 per cent of its loans to energy projects, representing about 406.6m. u.a., with French, Belgian and British nuclear projects accounting for about 123.3m. u.a. Italy was again the main recipient of loans. These were worth 278m. u.a., just under a third of the total and largely devoted to regional development projects in the South and Sicily. France received loans worth 193.7m. u.a., while the three "newcomers", Britain, Ireland and Denmark received 149.5m.

45.4m. and 19.6m. u.a. respectively. This was double the amount directed to these countries the previous year, although the EIB still feels that there is hesitancy among British concerns in seeking to tap the funds it makes available. Altogether, the EIB estimates, just under two-thirds of the loans granted in 1974 went towards projects in the older industrial regions of the Community.

The EIB also emphasises its job-saving role, by pointing out that about 132.9m. units of account last year were provided to intermediary financial institutions for further lending to small and medium-sized ventures with the particular object of creating jobs in labour-intensive industries in regions suffering severely economically.

Of the loans for regional development and industrial conversion just over half went into industrial projects and the rest was devoted to strengthening infrastructure by developing, for example, telecommunications and transport.

The two areas of energy and regional development are clearly likely to dominate the bank's activity over the immediate future, particularly with the Community's regional development fund now coming into existence and providing a clearer definition of regional priorities. The EIB decided late today to lower its investment rate by 1 per cent, to 8½ per cent.

## W. Germany remains opposed to reflation

By Rupert Cornwell

PARIS, June 16.

IN SPITE OF uncertainty over the extent of any recovery later this year, West Germany was still opposed today, at least for the time being, to any further action to bolster its economy.

This position, which was spelled out to the Economic Policy Committee of the OECD here by Bundesbank Vice-President Ottmar Emminger, is but one strand in an increasingly delicate world economic picture.

## Recession

The consensus today—as far as could be gathered from the senior central bank and Treasury officials present—is that an upturn out of the present recession is on the way or may have already begun.

However, no one is sure that the movement will be very vigorous or anything other than temporary. Not only are things still worsening in most European countries according to the latest statistics, but overriding fear remains that inflation may simply be kindled by over-expansionary policies.

As one delegate commented tonight, the fact that price rises seem lately to have levelled out at about 3 or 4 per cent—excluding, of course, Britain—is scarcely encouraging in the depths of a severe recession. For 1975, the OECD Secretariat is expecting a drop in output of the 21-nation area of about 1.5 to 2 per cent.

The West German argument is that a domestic-led recovery is now on the cards; and Dr. Emminger tonight pointed to higher consumer demand and a sharp recovery in car sales as reasons for his optimism for West German expansion in the second half.

## Questioned

But whether this is enough—even coupled with U.S. forecasts of a 6 per cent. American growth rate towards the end of 1975 and Japan's latest 5.6m. reflation—was questioned by some delegates today.

Apart from Britain, which publicly exhorted both West Germany and Japan to do more at the OECD's ministerial meeting just a fortnight ago, several smaller countries with proportionately larger deficits are of the same mind. In the background looms the spectre of 14m. unemployed in the OECD area, about 5 per cent. of its total work force.

## Advertisement

## DKB'S ECONOMIC JOURNAL

June, 1975 Vol. 4 No. 6

## Economy has hit bottom, but recovery seems weak as demand revival is slow

Trends of key economic indicators, like the mining and manufacturing production index, appear to suggest that the Japanese economy hit the bottom during the January-March period. But there are signs that the slump could further be protracted.

Corporate earnings during the half-year period that ended last March fell 29.4 per cent from the preceding six-month period, the third consecutive decline, according to the Nihon Keizai Shimbun sampling of 518 firms listed on the Tokyo Stock Exchange. And wage increases resulting from the spring labor offensive are turning out to be substantially smaller than the initial expectations. The outlook for price trend, especially that of consumer prices, still contains elements that require a careful watch, keeping policy-makers basically guarded in stimulating the economy.

## Industrial activity hit bottom

The seasonally adjusted mining and manufacturing shipments rose 0.4 per cent in February and 1.1 per cent in March, respectively. From the preceding month, inventory liquidation also was showing fast progress, with the index of producers' inventory of finished goods falling 2.8 per cent in February and 2.8 per cent in March, respectively, from the preceding month.

Reflecting inventory adjustment, it appears the drop in industrial activity has come to a halt. The March production index posted the first rise in six months, up 1.4 per cent from February. Output was moving up in such fields as electric machinery, oil and coal products, cement and ceramics, and textiles.

As a result of the easing of production curtailment, the worst seems to be over in the employment situation. The effective job offer to applicant ratio, which had been on a continuous decline since the autumn of 1973, rose in April to 0.73 from the prior month. The rate of increase in joblessness eased to 25 per cent in March from 37 per cent and 31 per cent, respectively, in January and February.

## Recovery of final demands is moderate

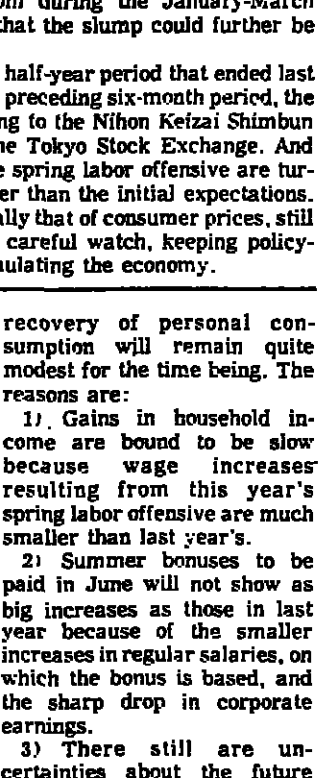
Among final demands, personal consumption, which is believed to hold the key to business recovery, showed signs of pick-up during the January-March period along with the recovery of real income.

Other evidences are gains in department store sales of women's clothing and other apparel, and revival of sales of some consumer durables, cars in particular.

Despite these developments, the general view is that the

## Trend of Production Activities

(Mining &amp; Manufacturing Index—1970=100)



three months of this year over a year ago.

As the Government is following the policy to concentrate contracting of public works projects in the first half of the current fiscal year, fiscal spendings are expected to have a considerable stimulative impact on business.

On balance, the recovery of final demands as a whole will be quite mild as depressed capital spendings and the slowdown of gains in exports are offsetting such positive factors as accelerating fiscal spendings and recovery of housing.

Balance of payments will remain in surplus. As for balance of international payments, trade balance has been continuing in surplus as imports have been extremely sluggish, while exports have been slowing down since early this year.

Exports on a customs clearance basis recorded a gain of 42 per cent over a year ago in January, 30 per cent in February, 19 per cent in March, and 12 per cent in April—an unmistakable evidence of a slowdown.

With shipment to Southeast Asia and North America slowing markedly, exports as a

whole have been slackening in recent months. The slowdown is attributed to the slump in the economies of industrialized countries and foreign currency shortage in non-oil producing countries in the developing world.

Responsible for the low level of imports, on the other hands, is the stagnation of domestic economy. On a customs clearance basis, imports during the January-March period recorded a marginal 1.8 per cent gain over a year ago. In terms of physical volume, the performance during the three-month period was as much as 19 per cent below that of the

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## Wholesale prices stopped rising

Wholesale prices, which have been showing a tendency of levelling off since March, rose a marginal 0.2 per cent in April, up 4.3 per cent from a year ago.

After months of relative calmness since last November, consumer prices in April posted a gain of 2.5 per cent from the preceding month in the 23 wards of Tokyo due chiefly to a sharp rise in educational expenses. (It was up 13.4 per cent over a year ago.)

With rises in prices of liquor, tobacco, postage and rice upcoming, the future trend of consumer prices need to be kept under a careful watch.

## Corporate financing is easing

Helped in part by seasonal factors, the money market is gradually easing, with corporate financing showing some latitude.

On the money market in April, a net fund surplus of ¥1,460 billion developed due primarily to a net payment excess by the Treasury account to the public at ¥1,470 billion, a record for the month. Surplus in May is estimated to have reached ¥610 billion and such a trend is expected to continue into June, leading to a substantial easing of fund shortage, compared with last year.

Such a tendency toward monetary easiness and the discount rate cut in April are combining to push down interest rates. The call rates, for example, have been brought down by 1.5 per cent in two slashes following the discount rate cut, while the bill discount rate has been lowered by 1 per cent in the wake of the bank rate cut.

Tightness in corporate financing also has disappeared. Businesses' fund demand is weak because: 1) Progress in inventory liquidation has reduced fund requirement for inventory financing; 2) fund requirement for financing of production activity and capital investments is also sluggish.

All in all, business has reached the bottom and money is headed for relaxation. At the same time, however, strength of final demands to pick up seems still weak, while the future of prices does not permit optimism. Thus, the course of the economic policy appears to be moving into a delicate stage.

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## Eurocourt sugar case nears end

By Our Own Correspondent

LUXEMBOURG, June 16.

THE ATTEMPT by 16 Common Market sugar producers to overturn a Commission ruling imposing fines totalling 9m. units of account (u.a.) for alleged breaches of competition policy moved into its final stages before the European Court of Justice in Luxembourg today. The Advocate-General, M. Henri Mayras, began two days of summing up of the case which will lay the ground for a judgment expected to be delivered in the autumn.

The fines imposed by the Commission in January 1973, were the largest in the history of the EEC's competition policy. The Belgian concern Raffinerie Tirlemontoise was on the receiving end of the heaviest fine ever levied by the Commission of B.Fr.75m. (about £900,000).

The Commission argued that the companies had partitioned their markets tightly and maintained national or regional pricing policies so as to eliminate competition. Any selling outside a company's normal territory was subject to careful rules, the Commission said.

In addition, the leading Belgian and French producers were accused of acting together in tenders organised by the EEC to sell surplus sugar on world markets so as to allocate export refunds between them and eliminate competition between tenders.

These infractions, the Commission said, were particularly serious abuses of Article 85 of the Treaty of Rome because they affected the whole basis on which sugar was produced and implicated practically all large-scale producers in the (original) Community who controlled 80 per cent. of national or regional markets.

The Advocate-General is charged with an impartial summary of the evidence but he produced as part of his summary a model for a possible judgment and in normal cases the final judgment tends to follow in broad terms the lines proposed by the Advocate-General.

The companies, which have each instructed counsel, are Sukker Unie and CSM of France; Générale Sucrière, Horey S.A., Béghin, and Sucres et Denrées of France; Volano, Emiliana, Sadam, Cavarero, Industrie Degli Zuccheri and Eridania of Italy; Szag, SZV, and Pfeifer and Langen of West Germany; and Raffinerie Tirlemontoise of Belgium.

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34 Bonds of £100 Nominal Capital each—					
Numbers					
76	175	258	483	841	845
1080	1444	1600	2087	2102	2337
2590	2761	2897	2986	3061	3069
3442	3601	3698	3699	3772	3938
4086	4259	4294	4498	4637	4641
5030	5394	5471	5558		

28 Bonds of £50 Nominal Capital each—					
Numbers					
5751	5844	5918	5995	6001	6225
6559	6667	6729	6788	6912	6994
7187	7413	7549	7652	7914	7979
8089	8391	8590	8954	9026	9027
9140	9243	9303	9462		

33 Bonds of £20 Nominal Capital each—					
Numbers					
9599	9632	9724	9728	9729	9742
9847	9881	9900	10002	10024	10121
10334	10403	10537	10606	10663	10719
10992	10932	11111	11232	11424	11439
11440	11448	11572	11697	11781	11910
11996	12134	12489			

Witness: — K. F. C. Baker, Notary Public

Each of the above Bonds when presented for redemption must bear the coupons dated 1st January, 1976 and all subsequent coupons otherwise the amount of the missing coupons will be deducted from the principal to be repaid. Lists of current and outstanding drawn bonds are available from Morgan Grenfell & Co. Limited, Registrars Department, 4, Throgmorton Avenue, London EC2P 2NR.  
17th June, 1975



## Chirac restores Gaullists' self-confidence

BY ROBERT MAUTHNER

PARIS, June 16.

THE RESIGNATION of M. Jacques Chirac, the French Prime Minister, from his other post of Secretary-General of the Gaullist UDR party, is an indication that the Gaullists have now recovered from their traumatic experience last summer when their candidate, M. Chaban-Delmas, was ignominiously eliminated from the National Presidential race.

In announcing his resignation yesterday to the national congress of the UDR in Nice, M. Chirac emphasised that he had taken on the job only in order to restore the unity and enthusiasm of a party which had been disheartened and demoralised by defeat and the interne-gauche quarrels of the presidential election campaign. Now that it had taken on a new lease of life, he felt it was more desirable that he should devote himself entirely to his job of Prime Minister.

So the man who last December literally "took over the Gaullists" in a political mini-coup, in spite of the opposition of the Gaullist "barons" such as M. Michel Debré and M. Maurice Couve de Murville, has resigned as Secretary-General after only six months. Yet, with his new title of "honorary" Secretary-General, M. Chirac in practice remains the undisputed boss of the party, whose militants showed by their long ovation for the Prime Minister their gratitude they felt they owed him for giving them back their self-confidence.

A new Secretary-General will be elected in a month's time and could well be the man chosen by M. Chirac as the temporary incumbent of the post, M. André Bord, the Secretary of State for

### NATO FORCES

IRAN justified its purchase, announced last week, of 800 British Chieftain tanks for \$1bn, largely on the grounds that the rival Leopard tank offered by West Germany was too expensive. That such a consideration should trouble Iran is a reminder that the modern battle tank has become very big business indeed.

While the battle for the F-16 fighter "arms deal of the century" was being settled in America's favour, the seeds of another deal were being sown that could much of the thin and densely populated crescent of West Germany.

Like the Dreadnoughts at the beginning of this century, the tanks of the opposing sides have become steadily more powerful, more massive, and with ever greater fire power and electronic complexity. The West German idea of the next type of tank is the Leopard 3, of which there are 17 prototypes in existence. At 60 tons, it is almost the same weight as a British "Chieftain", but it is twice as powerful, twice as fast and carries a new collection of missiles 120 mm. smooth-bore gun that fire missiles at enemy armour and at enemy aircraft, take away the wounded, and repair or tow away vehicles in mechanical trouble. The most exotic example of this supporting armour will be the "flak panzer", an anti-aircraft tank bristling with radar of which the German army will take 480 at DM4m.

The protagonists in the current concept of land warfare remain the battle tanks. Accord-

## The tank battle to come

BY NICHOLAS COLCHESTER, BONN CORRESPONDENT

British and German technology could flow to the U.S. to create the main Nato battle tank in the late 1980s.

that its 90 mm. gun was unable to penetrate the new Russian tank's frontal armour.

Until recently the German plan was to replace the M-48S with the new Leopard 2 tanks, starting about 1978. Furthermore, Britain and Germany had agreed to get together in the design of a new tank to be introduced in 1988. This tank would be the replacement for Britain's Chieftain and for West Germany's Leopard 1, of which the German army has 2,250.

Anglo-German co-operation has so far run smoothly. Both countries have exchanged their ideas of what the future battle tank should be like and, according to General Karl Schnell, the deputy Chief of Staff in the German armed forces, the Yom Kippur war has narrowed the differences

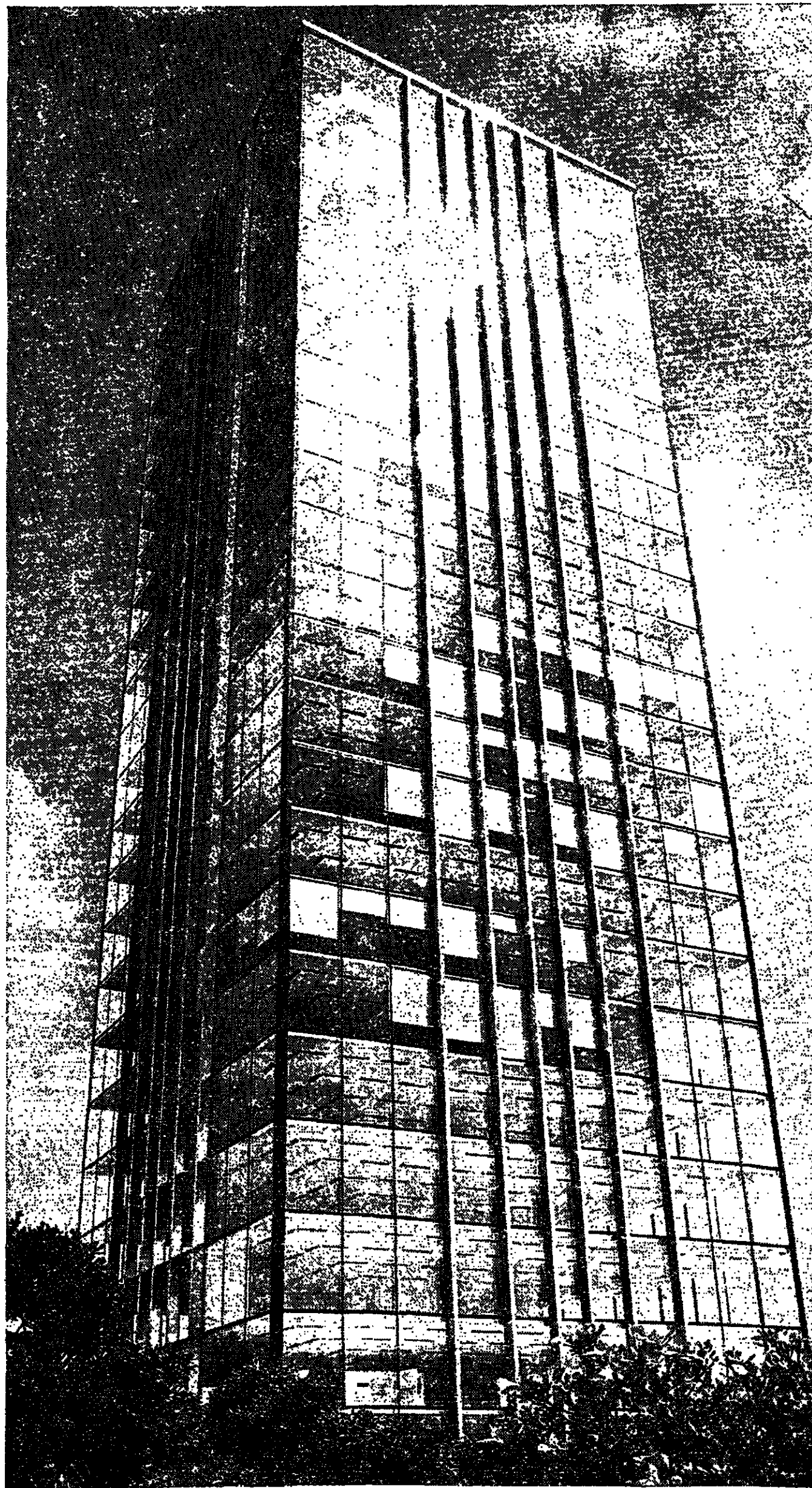
between the two countries' thinking. The Germans now concede that the armour and firepower beloved of the British is important, and the British have inclined towards the German ideal of high mobility. It was hoped that these talks would produce a joint tank design in 1978, but that hope is now fading because the Americans have since become involved in the matter.

The Americans are impressed by certain aspects of the Leopard 2, particularly the compact and powerful engine built by MTU, and have invited the Germans to run the tank development, the XM-1. This tank is designed to replace the American M-60 tank in the early 1980s, and General Motors and Chrysler have produced independent and competitive prototypes that will compete with each other and with the Leopard 2 in the U.S. next year.

German officers make it clear that this should be like and, according to General Karl Schnell, the deputy Chief of Staff in the German armed forces, the Yom Kippur war has narrowed the differences

between the two countries' thinking. The Germans now concede that the armour and firepower beloved of the British is important, and the British have inclined towards the German ideal of high mobility. It was hoped that these talks would produce a joint tank design in 1978, but that hope is now fading because the Americans have since become involved in the matter.

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Every architect should know the precise effects of double-glazing and double window units on the control of temperature, condensation and sound penetration.

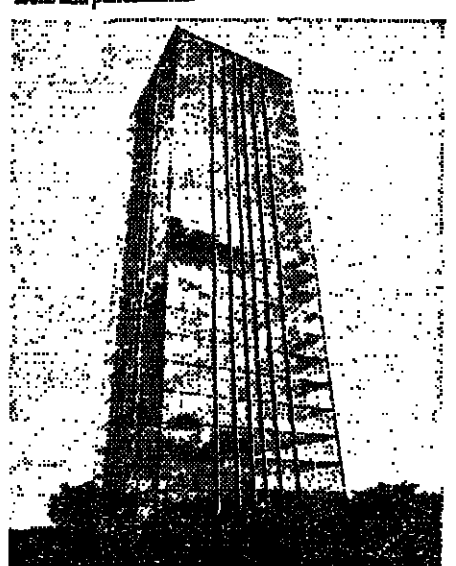
He should know the entire range of solar control glasses that absorb or reflect the sun's energy, reduce glare and solar gain and transform whole landscapes.

(And if he has difficulties, the Pilkington Technical Advisory Service and their computer programmes will quickly rid him of them.)

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## Factory worker likely to succeed Shelepin

MOSCOW, June 16.

SOVIET leaders have decided to appoint a factory worker with little top-level political experience to succeed controversial Alexander Shelepin as head of the country's trade union organisation, well-informed communist sources said today.

They said the appointment of 57-year-old Alexei Z. Viktorov, the first worker to hold the post since World War Two, would probably be announced next month—possibly at a session of the Supreme Soviet (Parliament) starting July 8.

Mr. Viktorov, until recently a brigade chief at the Moscow ballbearing plant, would first be appointed a candidate member of the ruling Politburo at a plenary session of the Party's policy-making Central Committee early in July, the sources added.

The reported appointment

was seen as aimed at boosting the prestige of Soviet trade unions as genuine workers' organisations at a time when the Kremlin is seeking to improve relations with Western trade unions and Social Democratic parties.

Mr. Shelepin, who according to official reports spontaneously resigned his seat in the Politburo in April and since left the trade union post, was a political appointee and university arts graduate with almost no labour experience.

This was one of the points used to attack him when he travelled on union missions to the West, particularly during a visit to Britain in March when he was denounced by demonstrators also protesting at his activities as one-time chief of the KGB security police.

Reuter

## Portugal and Romania sign long-term pacts

VIENNA, June 16.

PORTUGAL and Romania announced plans today for long-term economic and other forms of co-operation and said they were working closely together internationally.

The plans were listed in a joint communiqué issued in Bucharest as Portuguese President Francisco da Costa Gomes ended a four-day visit to Romania.

Earlier, President Costa Gomes and Romania President Nicolae Ceausescu signed a treaty of friendship and co-operation, the first in 20 years between any Nato and Warsaw Pact countries.

Long-term agreements on trade, economic, technical and scientific co-operation were also signed, the Romanian news agency Agerpres reported.

The two governments set up a joint commission to develop new forms of economic and industrial co-operation and to increase trade exchanges.

The communiqué said "measures to consolidate collaboration between Romania and Portugal in international organisations" had been intensified.

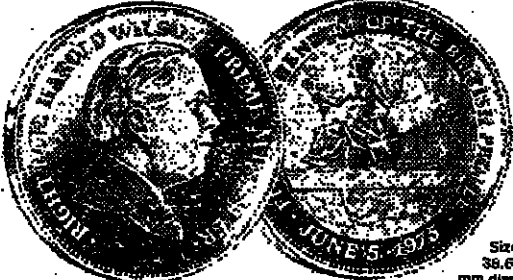
Favourable opportunities existed to increase trade and to co-operate on a variety of levels, particularly in mining, engineering, shipbuilding, transport and agriculture.

The two governments said they intended to conclude a series of agreements, ranging from a double taxation accord to the provision of guarantees for capital investment.

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## OVERSEAS NEWS

## ELECTIONS IN INDIA

## A new challenge to Mrs. Gandhi

BY K. K. SHARMA, NEW DELHI CORRESPONDENT

THE GUJARAT election in India has added a serious political challenge to the local challenge which Mrs. Indira Gandhi, the Prime Minister, faces since she was convicted of electoral malpractices in the Allahabad High Court last week. If she staves off that challenge she will have to fight doubly to retain her Prime Ministership against her old rival Mr. Morarji Desai, whom she ruthlessly eliminated from the political scene five years ago. Mr. Desai's Janata (people's) Front combine of five Right-wing parties has 400 in Gujarat, thereby again permitting him to wear the mantle of a national leader which he lost five years ago. Mr. Desai is usually outspoken but he has been hibernating for a long time. With the Front's victory, he has come out of the cold storage into which Mrs. Gandhi put him.

Nevertheless, the euphoria that the Opposition is now feeling needs to be qualified by some harsh facts about Indian politics. True, the Front has won in Gujarat and has demonstrated that Mrs. Gandhi's charisma is fading, and that she does not have the same hold on the Indian masses that she had when she swept to victory in 1971.

But there are many factors that led to the Front's victory which need not necessarily apply

when the general election is held next spring (assuming that Mrs. Gandhi does not delay it by using the emergency powers she has under the Defence of India Act). For one thing, the Opposition does somewhat better in India in by-elections and single state elections because its resources are limited and it can concentrate them on almost equal terms with the Congress, which is the only party with a well-lubricated organisation and electioneering machine. This is a major reason for the Front's Gujarat victory.

But the Front will have to spread its meagre resources over a far wider field in the next general election, when the Congress can be expected to use all its artillery full blast. And this assumes that there will still be a Front next spring. That does not follow automatically, since past experience has demonstrated that the many non-Congress parties can combine—as five of them did in Gujarat—to present a joint front in a state election or in by-elections, but they find this impossible on a national scale. In a limited election the sole purpose is to defeat the Congress, and ideological differences can be temporarily sunk. But it is altogether another matter for Opposition parties—even those known loosely as "Right-wing"—to form an election alliance

SECRET discussions are now being held in the Congress Party to find alternatives to Mrs. Indira Gandhi as the Prime Minister of India in the event of the Supreme Court forcing her to resign in the next few days. D. P. Kumar reports from New Delhi.

Mrs. Gandhi will have to quit the Prime Ministership if the Supreme Court judge sitting during the vacation recess refuses to extend the stay of the Allahabad High Court's order unseating her from Parliament and barring her from elective office for six years.

One of the possibilities being discussed by the Congress is the election of a leader of the Parliamentary Party to speak on behalf of the Government in Parliament while Mrs. Gandhi, in effect, continues to be Prime Minister.

But Mrs. Gandhi herself has rejected increasing demands from opposition leaders for her resignation. There have been massive demonstrations outside her residence here seeking her resignation as well as showing support for her continuance as Prime Minister.

political scene in the form of Mr. J. P. Narayan, who has launched a Gandhian type movement against over 150 election meetings—what he calls the "corrupt Congress in Bihar and other States, and which he hopes to spread across the country. "J.P." as

the people, which Mrs. Gandhi has not succeeded in lightening (for reasons not entirely under her control). Yet "J.P." faces a more difficult prospect if he wants to extend the Gujarat experiment on a national scale. Mr. Desai's "Congress" and the Jana Sangh, for instance, cannot hope to agree on the role of Muslims in India; and there are serious differences on other domestic and international issues as well.

"J.P." probably realises this. He can, therefore, be expected to attempt the creation of a Front on a national scale, but agreement on the sharing of constituencies instead. In other words, what would be best for the Opposition is to attempt an "electoral adjustment", rather than an election alliance on the Gujarat pattern. This is not easy, either; all parties have an inflated opinion of themselves and there is bound to be another scramble for seats which might not end in the kind of success achieved in Gujarat.

In sum, if the Gujarat election is seen as a curtain-raiser to the next general election, there is concrete evidence now that Mrs. Gandhi's and the Congress's popularity has plummeted. But there are ten months to go before the country goes to the polls and this gives time to the ruling party to repair the damage done to its image. It might be impossible if Mrs. Gandhi loses in the

## Israel-Lebanon tension mounts as clashes continue

BY HSAN HIAZI

BEIRUT, June 16

TENSION was running high on the border between Lebanon and Israel to-day after all-night exchanges of mortar fire and rockets between Palestinian guerrillas and Israeli forces.

Israeli gunners pounded villages in South Lebanon to-day in artillery bombardments before dawn and after dusk. Local residents reported that shells fell tonight on Rasayeh, El-Foukhar, Khazbe, Majdelyeh and Haifa. Two helicopter crews were dropping flares over the area.

Palestinian leader Yasser Arafat has taken personal charge of the situation after ordering guerrilla forces into a state of maximum alert, according to Palestinian sources. Mr. Arafat rushed to Lebanon yesterday afternoon after a meeting in Damascus with President Hafez Assad, who briefed Mr. Arafat on the outcome of his talks in Amman last week with King Hussein. The scene of the resumed warfare between the guerrillas and Israelis is the Lebanese Arzouq region on the slopes of Mount Hermon, referred to by the Israelis as "Fatahland" and the adjoining area of northern Israel.

After Palestinians last night fired Katyusha rockets into the Israeli seaside resort of Nahariya, about six miles from the Lebanese border, the Israelis shelled the Lebanese town of Nahariya and nearby areas which house a large refugee camp.

In wake of the shelling of Nahariya, Palestinian guerrillas during the early hours of today fired mortar shells at the Israeli village of Metuliah and the nearby settlement of Kfar Giliad. They also opened fire on an Israeli army patrol near Kfar Yuval, which was the scene of a commando raid yesterday in which four guerrillas were killed in a clash with Israeli forces after taking a number of Israeli hostages. Two Israelis were killed and six others wounded in the clash.

Reuters adds from Tel Aviv: While Israeli officials say the guerrillas are out to undermine efforts towards an Israeli-Egyptian settlement, newspaper commentators speculate the step-up in activity may be the start-up of an attempt to stem from the rapprochement between Jordan and Syria.

They said the commandos may view this detente as a threat to the political status of the Palestinians.

There was interest meanwhile in the return to-night of Prime Minister Yitzhak Rabin from Washington, where President Ford has been sounding out Israel's latest views on an interim accord with Egypt.

According to reports from Washington, Mr. Rabin has voiced optimism that Israel will get the weapons it wants from the U.S., despite American reassessment of Middle East policies.

Asked about the cooling in U.S.-Israeli relations after the breakdown of the Kissinger mission last March Mr. Rabin said: "There are no longer any strains between Israel and the United States."

He added: "We have learned our lesson from the Kissinger shuttle. In the future we have agreed with the United States that no political action will be taken until there is at least a 90 per cent chance of success."

Mr. Rabin said during his stop over in London he expressed Israel's views on Britain's reported \$550m. arms deal with Egypt. The meeting was at Foreign Secretary James Callaghan's request, he said.

## Iran undertaking major review of spending

BY ROBERT GRAHAM, MIDDLE EAST CORRESPONDENT

TEHRAN, June 16

THE IRANIAN GOVERNMENT has decided to carry out a major reassessment of its development plans to curb unnecessary expenditure and reduce some of the serious bottlenecks that have appeared in recent months.

From now on all ministry budgets are expected to be carefully scrutinised, and according to the director of the plan organisation, Mr. Abdul Majid Majidi, foreign aid will be cut to "only vitally important cases." Mr. Majidi did not indicate the extent of the expenditure cuts.

Iran's development is being carried out under a five-year plan 1973-78, whose budget was originally set at \$36bn. Then last year with the sudden rise in oil revenues, the plan was completely revised and a new target of \$60bn. fixed.

However, the revised plan has never been properly published or finally approved.

More cautious

This more cautious approach to expenditure has been conditioned by a combination of several factors. When Iran's oil revenues rose so dramatically last year many projects were put forward by ministries which it is now recognised are neither immediately necessary nor the kind that the economy can handle at the present moment.

Last year's 43 per cent growth rate (14 per cent in the non-oil sector) has continued and the economy is beginning to feel the effects of overheating plus suffering from bottlenecks, notably in the shape of a labour shortage and lack of capacity in its parts and construction industry.

Apart from these considerations, inflation abroad and falling oil production have cut into the prospective \$60n. surplus for the year. Oil production in the first quarter ran at 5.16m. barrels a day against 5.88m. for the second quarter of 1974. According to Mr. Majidi, production this year is likely to be down by between 800,000 and 900,000 barrels.

At this stage no specific mention has been made of the likely items to be pruned, and defence allocations, which were programmed to take up 31 per cent of the plan expenditure, will be affected.

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## Early ceasefire expected in Angola

BY JOHN WORRALL

NAKURU, Kenya, June 16

THE FIRST practical result of the crucial Angolan peace summit which started here to-day is expected to be an early ceasefire agreement between the three rival liberation groups in the field. It could be to-day or to-morrow but may take time for the orders to get through to the liberation forces in Angola.

Conference forces said that a ceasefire must inevitably follow President Kenyatta's urgent plea to-day to the leaders, Dr. Roberto Holden, Dr. Agostino Neto and Dr. Josep Savimbi, to agree on "an immediate ceasefire while you listen to your hearts." This afternoon President Kenyatta left the Angolans to meet privately by themselves. The ceasefire was the first item on the agenda. Earlier there were remarkable effusions of brotherly love among the warring leaders.

Dr. Holden was heard to refer

## Fear of clash prompts delay in ANC congress

BY TONY HAWKINS

SALISBURY, June 16

IN A VICTORY for the anti-Nkomo faction in the African National Council, Bishop Muzorewa, President of the ANC, said he believed here that with the conference planned for June 21-22, the ANC as presently constituted being numerically pro-ZAPU (led by Mr. Joshua Nkomo) Congress would result in his taking over the Council and the old rift between himself and the ZANU faction leading to two nationalist parties once again.

In a statement, the Bishop himself apparently opposed to the Congress on the grounds that it would probably prove fatal to the fragile unity of the Council—said that the Congress had been called off "due to serious administrative and other extreme difficulties." Further, he said, the Congress would be given "in future," the statement added.

The cancellation of the Congress comes as no surprise because the ZANU element had already threatened to boycott it. "Moderate" centrist elements such as Bishop Muzorewa himself, Vice President, Dr. Gubbela and Secretary General Gordon Chavunduka had also expressed opposition to it. They represent the "old ANC" and as such apart from anything else, saw Congress as a threat to their positions in the party as well as to party unity.

The Government is known to prefer dealing with Mr. Nkomo and would be only too happy to see such a change in the ANC.

## 'Kurds being victimised'

By Paul Elman

IRAQI AUTHORITIES were yesterday accused of exacting reprisals on Kurdish refugees returning to their homes after the collapse of the Kurdish rebellion in March.

The charges were laid at a Commons Press conference in London to mark the inauguration of the British-Kurdish Friendship Society.

Speakers at the Press conference claimed that there was evidence that Kurdish lands would be settled by Egyptian farmers who are emigrating to Iraq under an agreement signed between Baghdad and Cairo last year.

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June 16, 1975.



1 هادي امين الامير

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72°F. He's feeling warm.



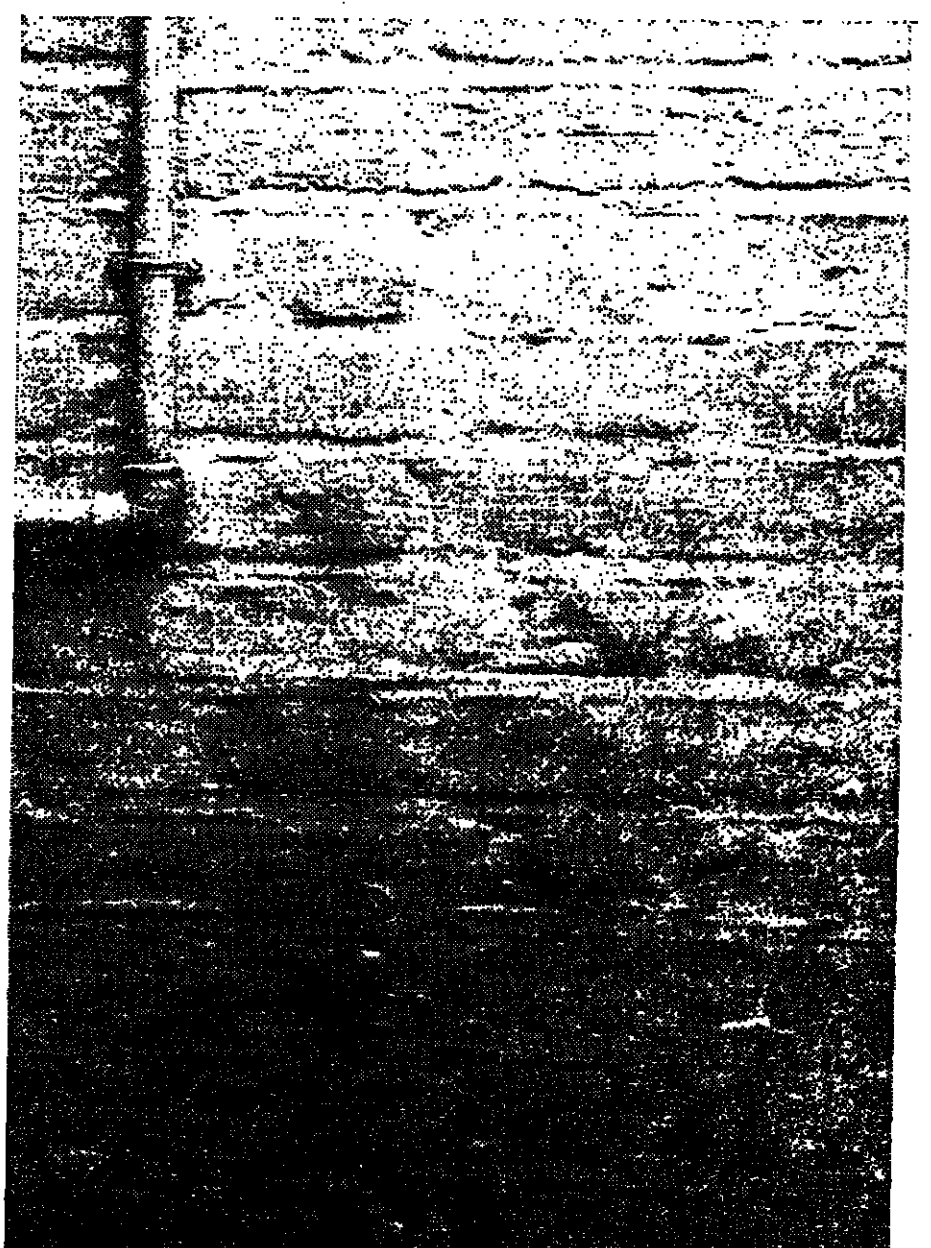
78°F. He's hot and bothered.



80°F. He can't concentrate.



85°F. He's fading fast.



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The Board of Directors of this Company, at their meeting of the 5th June 1975, have decided to call a General Meeting of the Shareholders of the Company, to be held on the 12th July 1975, at 10.30 a.m., in the Auditorium of the Company, 23, Lombard Street, London, EC4A 3DF, for the purpose of electing the Board of Directors for the year 1975.

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14, rue de la Loi, 1050 Brussels  
Notice of Annual General Meeting of Shareholders  
The Annual General Meeting of Shareholders of LUXAM TRUST S.A. will be held on the 12th July 1975, at 10.30 a.m., in the Auditorium of the Company, 23, Lombard Street, London, EC4A 3DF, for the purpose of electing the Board of Directors for the year 1975.

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## HOME NEWS

## Nationalise all motor-cycle industry, urges Poore

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE NORTON-VILLIERS TRIUMPH Board will make it plain to Mr. Eric Varley, the new Industry Secretary, when it meets on Thursday, that it seeks little alternative to complete nationalisation as a solution to the company's financial problems.

Mr. Dennis Poore, NVT's chairman and chief executive, said yesterday that the losses of the motor-cycle company, established at the end of 1973, had been about £8m. to date. It hoped to publish its first full accounts by the end of this month.

To maintain operations on the present three-factory basis, incorporating the Meriden workers' co-operative will demand between £30m. and £40m. extra capital, over a three-year period, NVT estimates.

Since this would entirely swamp the private investors in the company—notably Manganesse Bronze Holdings, also headed by Mr. Poore, which has

a 48 per cent. stake—the best course would be for the Government to take over, says Mr. Poore.

Thursday's meeting, between the Department of Industry, NVT, and the unions, was called by Mr. Anthony Wedgwood Benn, the former Industry Secretary who supported the Meriden workers' scheme for a three factory group. Throughout, NVT has been opposed to the three factory concept, arguing that the best way of containing overheads and managing levels would be in two factories, at Small Heath, Birmingham, and Wolverhampton.

Under the original plans, backed by £4.8m. of public funds, Meriden would have been closed down, and Mr. Poore believes that the company would have been ready to launch a new generation of machines by next year. The idea was to raise capital for this programme on the open market, and the plan

envisaged sufficient profits by that time to make the prospect a possibility.

When Mr. Benn decided to alter the original plan it was calculated that the group would eventually need some £15m. extra funds—now, doubled by inflation.

The NVT Board argues that the Meriden closure, and the relocation that caused the business, has been the main reason for its current losses. These, in effect, mean that the only avenue for funds now is the Government, if it wants to maintain the present three-factory structure.

Alternative courses of action would imply closure of at least one of the factories. But the Government would face considerable difficulties if it acquiesced in a cut-back elsewhere than at Meriden in the group, Small Heath, in the past criticised the Meriden sit-in, and are even now reluctant to supply engineering development work to the co-operative.

## Thomson calls for European unity on economic problems

BY ARTHUR SMITH

EUROPEAN NATIONS must unite in tackling the major economic problems, Mr. George Thomson, European Commissioner with special responsibility for regional affairs, urged in London yesterday.

The era of easy growth came to an abrupt end with the five-fold increase in the price of oil and nations were now facing the problem of "fighting a war simultaneously against inflation and recession," he said.

Inflation could be as infectious a disease between countries as the great plagues of medieval times. "National solutions" to the country's economic problems mean another balance of payments deficit. That is why solutions for us must have a European dimension.

Mr. Thomson was addressing the congress of the European Centre of Public Enterprises, a body of which most of the 100 nationalised industries within the Community are members.

"The public enterprises have a major contribution to make to solving these economic problems within their own countries—and are convinced that your contribution will be that much greater because you have come together to-day to pool ideas and to look at solutions within a European dimension," Mr. Thomson declared.

Lord Gormon-Roberts, Parliamentary Under-Secretary of State at the Foreign Office, said that Britain's decision to remain in the Common Market would not change the Government's

industrial policy. The Government would continue to do what was necessary for the country while recognising its duties to the Community.

The removal of uncertainty about Britain's membership should give a tonic not only to this country but also to the rest of Europe, he said.

Britain played a positive role in the encouragement of the National Savings Movement last month, was addressing the City of London Savings Committee.

He hoped, however, that the steps into financial indexation would not be extended because that could only mean a complete admission of defeat in a battle in the counter-inflationary war. He deplored the fact that circumstances had been allowed to develop over the years to a point at which the indexation moves were necessary in order to protect the new savings of wise individuals who recognised that something must be set aside from today's income to meet tomorrow's demands.

Pallatives for those who suffered in the battle against inflation were essential, but they could not take precedence over the efforts to achieve victory, he said.

## SNP demands an EEC role

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

THE SCOTTISH National party yesterday took its post-referendum campaign a stage further by demanding that the proposed elected Scottish Assembly should be given a formal role in securing a direct Scottish influence in the Common Market institutions.

Mrs. Winifred Ewing, MP for Moray and Nairn and the party's nominee for the Scottish Parliament if one is offered, said in Glasgow that the new Scottish Assembly should have the right to appoint one of the U.K.'s two EEC Commissioners and one of the two U.K. judges to the Community Court.

The SNP, following its failure to win a Scottish No vote in the referendum, is doing its best to concentrate political attention on objectives of achieving direct Scottish representation in Brussels—a demand also being made by a minority faction in the Labour party led by Left-wing MP Mr. James Sillars (South Ayrshire).

Mrs. Ewing suggested that a new Scottish ministerial post should be created, for EEC affairs, to represent Scottish interests in all matters at present outside the direct departmental responsibility of Scottish Ministers, such as Energy, Employment, Fishing and Higher Education.

Right of veto  
In Scotland's "trial marriage" with the EEC, she suggested that it should be obligatory for Scottish consent to be obtained before the U.K. subscribed to any Council of Ministers proposals.

That would be tantamount to giving Scotland the right of veto, which it would not otherwise have without becoming independent.

The emerging difference as to the EEC between the Nationalists and their opponents, is one of degree. The SNP and some in the Labour party would like to see a more limited strategy—the creation of a "European desk" at the Scottish Office, and a Scot-

ish "lobbying" office in Brussels itself.

The SNP struck a sour note yesterday on the imminent landing of Britain's first North Sea oil, when Mr. James Wolfe, sent a telegram to Mr. Robert Dik, U.K. manager of Hamilton Brothers, objecting to the tanker-loading at the Isle of Grain, on the Thames, to-morrow of the first oil from the company's Argyll field.

The field lying in "Scottish waters," Mr. Wolfe said it would be appropriate to make a "symbolic gesture" and land the first oil in Scotland. There was considerable disquiet in Scotland, he claimed, about the implications of the company's plans to "by-pass Scotland without compensating Scotland."

Graythorn 2, the world's biggest oil platform jacket, was yesterday said to be "riding well" with no problems, and a North Sea oil rig was being moved to the BP's Forties field. The 20,000-tonne platform on its 12,000-tonne knuckle raft, was making three knots and is due on station to-day.

### HOME CONTRACTS

Contracts totalling about £23.5m. have been awarded by the NATIONAL COAL BOARD for steel sheet piling and producing line pans. The orders have gone to the British Steel Corporation, John Williams (Wishaw), Redhouse Iron and Steel Works, and Patent Steel Works.

**FINSIPA ENGINEERING**, part of the Brookhouse Organisation, is to supply more than £1m. worth of steel sheet piling to the Department of the Environment over the next three years.

**ROADWORKS**, the civil engineering division of the Jackson Group, has been awarded a contract worth £1m. for a further section of Colchester's new inner relief road.

**GAMBLE SIMMS STEEL** has won a £300,000 order for four steel plate linings for a 450 feet steel chimney at Kilmore power station. Orders for ancillary plate fabricated equipment for the power station worth a further £280,000 have also been awarded to the company.

**BRIGHTSIDE HEATING AND ENGINEERING COMPANY** has been awarded a contract worth more than £800,000 for supplying and installing mechanical services in the 23-storey block extension to Five Ways House, Islington, Row, Birmingham, by the property services agency of the Department of the Environment.

**HONEYWELL** has installed a £240,000 computer system at Elms' distribution complex in Mansfield, Notts. The new system, a Model 2040, is taking over from the present Honeywell 120 computer in the company's Oxford Street, London, headquarters. It will provide a direct link between warehousing and distribution and head office.

**WELLMAN INCANDESCENT** has received an order worth £175,000 from CAV, a Lucas Industries company, to supply a complete plant for the various impregnation of armatures and stators used in the manufacture of alternators and dynamos.

## Stern creditors vote on moratorium plan

BY JOHN TRAFFORD, PROPERTY EDITOR

A SERIES of meetings held in London yesterday and continuing to-day by creditors of the Agents and on which they had been unable to obtain the advice of leading counsel in time for the payment of debts for at least three years.

The results of the meetings will be reported to the High Court, which will then rule on the next steps to be taken.

The first meetings held yesterday were those of the secured and, later, the unsecured creditors of Wilstar Securities, the master company of the Stern group. They were designed to inform creditors of the situation and no vote was taken.

The meetings were followed by meetings of the priority, unsecured and trade creditors for each of the 66 companies in the Stern group.

Each of these meetings has voted or will vote on the proposals for a moratorium which, in the view of liquidators Cork Gully and the committee of bankers which drew up the proposals, will allow the property assets of the group to be realised in an orderly way.

The results of the votes will be made public within the next ten days. To pass, the moratorium scheme must be accepted by 75 per cent. of the secured creditors of the group; 60 per cent. of the unsecured creditors or individuals group companies must also approve the proposals for their own companies.

Margaret Reid writes: At the relevant meeting, a statement was made on behalf of the Crown Agents, who have large sums exceeding £30m. outstanding to companies in the Stern group. It was said that a techni-

## Iron-making suspended at BSC Hartlepool

IRON-MAKING at the British Steel Corporation works at Hartlepool, Teesside, was suspended yesterday because of a continuing fall in demand. The BSC also announced a major reduction in the steel-making and rolling mill activities at the Hartlepool works.

Steel production at the plant, which has a 16,000-ton weekly capacity is being cut to 3,000 tons a week. Only one of the four open-hearth furnaces is operating. The BSC said that the cut was a temporary measure. It did not say how long it would last.

About 4,300 people working at the Hartlepool plant will be affected by this, but there will be no guaranteed working week for them.

The BSC will continue reeling of a blast-furnace and coke production at the North and South Works will also continue.

BSC said that full consultations had taken place with trade unions at the works and district-level.

Price cuts announced by BSC yesterday will not necessarily affect retail prices of refrigerators and freezers, according to Mr. A. W. Perry, chairman of the Food Freezer and Refrigerator Council.

## Index link for savings welcomed

By Donald Maclean

THE INTRODUCTION of interest rate indexation to National Savings, which has taken place this month, was welcomed yesterday by Sir John Anstey, president and chairman of the National Savings Committee.

Sir John, who succeeded Sir Robert Bagger as leader of the National Savings Movement last month, was addressing the City of London Savings Committee.

He hoped, however, that the steps into financial indexation would not be extended because that could only mean a complete admission of defeat in a battle in the counter-inflationary war.

He deplored the fact that circumstances had been allowed to develop over the years to a point at which the indexation moves were necessary in order to protect the new savings of wise individuals who recognised that something must be set aside from today's income to meet tomorrow's demands.

Pallatives for those who suffered in the battle against inflation were essential, but they could not take precedence over the efforts to achieve victory, he said.

**Eroded**  
It was naive, he asked to hope that the "Cannon Market" referendum out of the way, all those to whom we look for leadership and action could agree that the needs of the nation were desperate, that they transcended all barriers, and that the situation could not be permitted to continue being exploited with factional motivations. The nation was severely wounded, and could not much longer stand an increasing rate of loss of its life-blood.

To those who had spent a significant proportion of their lives in the encouragement of personal financial responsibility, and in preaching the value of regular savings, it was heart-breaking to see the limited capital accumulations of the small saver eroded in their real value.

There was great appeal in the financial role of the National Savings Movement described by the Parliamentary General, Mr. Edmund Dell, at the movement's annual conference last month, of the protection of National Savings in order to assist the Government to meet its financial requirements.

It was the conviction of everybody in the movement that "come hell or high water" the Governments of the day would review National Savings and reported in 1973 the Movement must go on for ever.

**Cold comfort**  
Deliveries of domestic refrigerators to the home market by British manufacturers in March totalled 35,998 compared with 37,775 in March 1974, according to figures published to-day by the Food Freezer and Refrigerator Council. This is an increase of 9 per cent.

**Cutback at Smiths**  
Smith Industries' plant at Wishaw, Lanarkshire, is to pay a further 30 workers. Some of the workers were made redundant in April. A company statement yesterday said the reduction was necessary because of a decline in demand for clocks and timers. The cutback is hoped to be achieved by voluntary redundancies.

**Catering increase**  
Total turnover of the catering trades in the February-April period of 1975 was, at current prices and seasonally adjusted, 3 per cent. more than in the preceding three months, according to the latest figures from the Department of Industry.

The largest increase over the first three months of 1975 was of 19 per cent



## HOME NEWS

Runnymede Trust  
urges watchdog  
on race relations

BY PETER FOSTER

A CALL for the Government to take a new and more active role in race relations comes today from the Runnymede Trust, the independent organisation specialising in community relations problems.

The Trust says in a submission to the Home Office—which has asked interested organisations to send "advice and recommendations" before the publication in the autumn of a White Paper on race relations—that a single Cabinet Minister and his Department should carry overall responsibility for formulating and executing policy.

The department should be concerned with monitoring the activities of other Government departments, with assessing developments affecting minorities at a local or national level and should work closely with the European Social Affairs Directorate in matters concerning migrant workers and ethnic minorities.

Such a new administrative structure would "not necessarily involve substantial extra Government expenditure."

Certain strategic departments in addition to the principal policy department should contain "equal opportunity branches" with the specific function of monitoring policy towards minorities. In addition the Government should make use of its contracting power to promote equal opportunity in employment.

The Home Office's "urban programme"—which was launched in 1968 to direct Government funds towards local authorities' community relations programmes—should become a more clearly focussed scheme. "More emphasis in particular should be placed on inner-city problems concerning minorities."

Funds provided under the Local Government Act, 1966 ought to be considered together with the urban programme budget, which should become the administrative centre and source of funds for local community relations work.



Miss Joan Lester MP, Parliamentary Under-Secretary of State for Education and Science, arrives at her office after cycling from her Wandsworth home, at the start of National Bike Week.

Egypt air row may  
end in more flights

BY LORNE BARLING

A DISPUTE between British Airways and Egyptair, the Egyptian national carrier, over the number of services to Cairo and London, is unlikely to stand in the way of the great increases in traffic in the near future, airline sources said yesterday.

It is widely accepted that rapidly developing trade between Egypt and the West, recently boosted by the £450m. arms deal with the U.K., will necessitate a considerable increase in services. The opening of the Suez Canal and more tourism are also important factors.

Egyptair makes four flights a week between London and Cairo, cut by Britain on March 31, from a concessionary six a week.

The cut was seen as retaliation against the Egyptian Government's refusal to allow British Airways to export an undisclosed sum of money from Cairo.

## Solution hope

Egyptair's chairman, Mr. Gamal Erfan Seif-Nasr, is in London, but no talks with the Department of Trade are planned. British Airways believes that a solution will be found at the next round of bilateral Government discussions.

Both airlines expressed confidence yesterday that passenger traffic on the route would increase sharply in the near

future, because of increased trade, which it was felt would ease Cairo's hard line on export of foreign currency. At present, money earned within the country cannot be exported unless it has been invested nationally for a time.

Mr. Emil Tewfik, Egyptair's regional manager in the U.K., said yesterday that he hoped inter-governmental talks would take place soon. His airline had made frequent requests to its Government to reconsider the currency question.

"All our flights are fully booked and we expect traffic to increase dramatically. We also know that frequency of flights builds up traffic."

Crime up 6%  
in first quarter

Criminal offences recorded in England and Wales rose by 6 per cent in the first quarter of this year, compared with the first quarter of last year, the Home Office said yesterday.

The increase, from 470,000 to 499,500, was most marked in the offences of robbery and of fraud and forgery, which rose by 24 per cent and 14 per cent respectively.

Reed shares  
tax appeal  
in Lords

THE INLAND REVENUE began a House of Lords appeal yesterday against a Court of Appeal decision that a £36m. debt to IPC Services by the cancellation of 15m. Reed International shares held by that company was not subject to ad valorem stamp duty under the Finance Act 1898.

The share cancellation was early in 1970, when Reed made a takeover bid for all the Ordinary shares of IPC which it did not already own. IPC Services, a wholly-owned subsidiary of IPC, owned 15m. Ordinary shares in Reed.

Reed cancelled this shareholding by reducing its share capital to the value of the cancelled shares, and thus became indebted to IPC Services for that amount, with interest at 10 per cent per annum.

The reduction of share capital was sanctioned by the High Court. The share cancellation created a debt of £36,404,785.

The Inland Revenue asked the Law Lords to restore the decision of Sir John Pennycuik—reversed by a majority in the Court of Appeal—that the transaction was a "funded debt" within section 8(5) of the 1898 Act, it being of the nature of capital, bearing interest and of long or indefinite duration. They also contended that it was "capital raised which has the character of borrowed money," within the same statutory definition.

Ulster strains cause  
priest's resignation

BY OUR OWN CORRESPONDENT

ELFAST, June 16

THE STRAINS affecting the integrated location of Protestant and Catholic children, which Father Wilson appeared to support in speech last year, have been illustrated by the resignation of one of Ulster's best known priests because of disagreements with his superiors.

He is Father Desmond Wilson, a curate in Ballymurphy, one of Belfast's most troubled districts. Father Wilson is well known as a writer and broadcaster, who has combined a liberal view of the stance the church should take with forthright condemnation on occasion of the authorities and security forces.

Father Wilson said his resignation from his parish—although not from the priesthood—was because of disagreements over administrative matters; the treatment of people in and outside the Catholic Church; financial policy; and the leadership which should be available to people at this time. He refused to elaborate further.

The Bishop of the diocese of Down and Connor, Dr. William Philbin, who accepted the resignation had also no comment to make but the incident is believed to reflect long-standing differences.

In general, these are over the authoritarian and traditional stance taken by Dr. Philbin, which in turn reflect the views of most of the Irish hierarchy. One issue is the question of

Police  
made few

Mr. C. J. P. Macmillan, Commissioner of Police for the City of London, has been awarded a British Institute of Management "eminence" fellowship.

Altogether 28 fellows were created, including J. A. Dickson, director of the Forestry Commission, and two women, Mrs. Marjorie Williams, managing director of the Barones Security, and Mrs. E. J. Sten, managing director of the School of Economics and Political Science.

BBC governors reject  
a 'court of appeal'

BY PETER FOSTER

A SUGGESTION THAT an independent Broadcasting Council should be set up as "a sort of moral court of appeal against the BBC" is rejected by the BBC Board of Governors in a submission today to the Annan Committee on the Future of Broadcasting.

The memorandum maintains that such a body—which has been recommended by a number of pressure groups over the past few years—"would diminish the authority of the Board of Governors and in doing so, risk a lowering of the quality of programmes." It continues: "We doubt that such a body could be as effective a critic and watchdog as the Board and we therefore reject the notion."

The submission also rejects the suggestion of a restructuring of the Board on the lines of a public corporation or a private company board, the commonest form of proposal being an enlargement to take in members of the BBC's professional staff.

Such a scheme, it says, could add to internal tensions while the fact that the professional members of the board would have to be appointed by the Crown could bring accusations of political preference.

"We believe that the creation of an industrial-type board would not solve the problems it is designed to solve and could create a further series of problems."

The board believes that increasing its effectiveness "is mainly a matter of internal change." Nevertheless, it makes a number of detailed submissions to the committee on such issues as its size and the duration of office.

While the size of the Board, in the opinion of some of the Governors, could with advantage be slightly reduced, we have no doubt that increasing it would make it unwieldy and less effective."

It maintains that the present term of appointment to the Board of five years is insufficient, and that the normal term should be six years, with the possibility of renewal for succeeding periods of not more than two years at a time.

Concern is expressed at the frequent delay in replacing retiring governors, and as the fact that the remuneration of Ordinary Governors has not been increased for 17 years.

The memorandum supports the maintaining of a wide spread of interests among the Board's members and of "a balance of political sympathy."

Shopkeepers to present  
VAT plans to Excise

BY JOHN BOURNE, LOBBY EDITOR

TWO RADICAL proposals to ease the impact of multi-rate VAT on 2m small shopkeepers and traders are to be presented to the Customs and Excise.

The move is the result of the intervention of Dr. Mark Hughes, MP, Parliamentary Private Secretary to Mr. Joel Barnett, Chief Secretary of the Treasury.

Dr. Hughes talks last week with the National Federation of Self Employed led the federation calling off its threatened boycott of VAT collection from July 1.

He said yesterday: "There are two ideas to be discussed with the Customs and Excise and, probably, the Inland Revenue. The first is that there should be an option open to all small

traders with a limit of a certain throughput—say £25,000 a year—to be allowed to pay VAT on a composite or weighted average of their VAT liability over the various VAT rates."

"This would greatly simplify their book-keeping and accountancy, bearing in mind the different and complex rates of VAT."

"Second, payment of VAT should be made annually and not quarterly. However, firms would pay in advance regular amounts on account by bankers order or similar method."

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## Eight commercial ways to get 30mpg.

All the vehicles pictured here pull in a regular 30mpg.

Not on contrived, 'steady-speed' journeys. But on regular trips. Stopping and starting. Loading and unloading.

Individually, these vehicles may look pretty different. But they have a very memorable similarity.

All are members of the Mercedes-Benz L206D/306D range.

Miles cheaper. These 8 vehicles are only a fraction of the Mercedes commercials available.

Our factory-built vans alone run to a total of 40. And they're backed by a wide choice of chassis cabs.

Then there are middleweights. And heavyweights. Right up to our tough 40 ton tractor units. Exceptional fuel economy is common to all of them.

It saves you money. As does the fact that every Mercedes can look forward to a long life.

That isn't plagued with breakdowns. And blighted with exorbitant service bills. It's all to do with the way a Mercedes is built. In a word, properly.

Prime raw materials are used. Top technology is added.

And every single vehicle is checked and checked again until we're sure we can build it no better.

You don't pay for what you get. Some people will tell you that Mercedes are expensive. They're wrong.

Most Mercedes models can now be owned for no more than ordinary commercial vehicles.

An intriguing exercise is to cost things that are standard on a Mercedes, but extra on most competitors.

(Like a passenger seat. And a proper gloss finish. And full deluxe trim.)

Add all the things up and you'll see how a Mercedes, with all its advantages, is in reality very low priced.

Prove it for yourself. Reading is never a substitute for doing.

To see what we mean, call in at your local Mercedes-Benz dealer.

Take a trip round the vehicles on show. Step up into one or two cabs.

Tackle the sales staff with some tough money questions.

And all we've said above, will make sense.

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FT2

## LONG RANGE WEATHER FORECAST

## It will be warm, but rather wet

The long-range weather forecast for the next 30 days issued by the Meteorological Office says the weather will be mainly warm with some short wet spells. The forecast says: "After a cool start, a good deal of warm, mainly dry, weather is likely but temperatures and sunshine totals will be above average, especially in July. Total rainfall will probably be near average but above in the north and below in the south."







## LABOUR NEWS

## Commercial Union staff win new rises of up to 15%

BY ROY ROGERS, LABOUR CORRESPONDENT

COMMERCIAL Union Assurance's 8,000 staff are to receive pay increases of between 13 and 15 per cent, backdated to June 1, taking their total rises since last June's annual deal to between 37 and 41 per cent.

The settlement, negotiated by the Commercial Union Staff Association, which covers all staff below manager level, comes on top of an interim award in September giving 12½ per cent rises and a cost of living threshold arrangement producing further increases of 10 per cent.

The staff association claim was for existing 10 per cent threshold increases to be increased to 15 per cent and consolidated into salaries for an additional 15 per cent, salary

rise: a future threshold arrangement; and the introduction of a profit sharing and share distribution scheme.

Spurred by the fear of a possible wage freeze, it settled for the 5 per cent rise in the threshold payments plus consolidation of the total, and 8 per cent as an advance payment designed to offset future cost of living increases.

The 8 per cent is not consolidated into salaries and the management has stood firm against conceding another threshold agreement although the staff association hinted yesterday that it might be involved in negotiations again "before very long."

## Scanlon flatly opposes any pay policy change

BY JOHN WYLES, LABOUR REPORTER IN HASTINGS

ATTEMPTS by Mr. Jack Jones and other TUC leaders to lighten the social contract's wage guidelines were dealt a severe blow here yesterday when Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, flatly opposed any change in the pay policy.

Without mentioning Mr. Jones, the AUEW president claimed that the "voices" suggesting changes in the guidelines came from some unions which had made pay deals breaching the social contract. He claimed that some Ministers apparently favoured "traditional Tory policies."

## No change

Mr. Scanlon said the social contract was designed to maintain living standards, "I see no reason to change that policy either by further discussions at the TUC or Treasury may feel there should be further cuts in living standards," he said in his presidential address to the AUEW's annual conference here.

These remarks put Mr. Scanlon in the front line of opposition to any new TUC initiative against inflation.

He is likely to make his stand at next week's TUC General Council meeting, where he could have a direct clash with Mr. Jones over the Transport Workers' leader's promotion of the idea of flat-pay rises geared to a falling target of price rises.

Mr. Scanlon said yesterday that "voices were being raised suggesting that something entirely different from the social contract should be adopted as the policy of the TUC."

"What is most important and remarkable is that those voices

that were most vociferous in condemning us for our temerity to question the social contract seem to have been the foremost unions that have obtained settlements well in advance of the social contract.

"What is even more remarkable is that we are still labelled as so-called mindless militants determined to wreck the economy of the country while others remain as good moderates and even friends of the Government. I find this most difficult to understand."

But Mr. Scanlon's biting attack should be seen against the likelihood that the AUEW conference this week will almost certainly adopt an anti-social contract line which may then be put to this year's TUC.

## TASS demands freedom for pay bargaining

BY OUR LABOUR STAFF

TRADE UNIONS in the shipbuilding and engineering industries will be urged next week by the supervisory section (TASS) of the Amalgamated Union of Engineering Workers to oppose "any Government interference with free collective bargaining."

This is the aim of a TASS resolution down for debate at the annual conference of the Confederation of Shipbuilding and Engineering Unions in Hastings.

its "serious implications as an interference in free collective bargaining." Leaders of the AUEW's Technical and Supervisory section agreed to support the motion instead of pressing one of their own, which rejects the "concept of the social contract."

Although the favoured motion may still leave room for some manoeuvring later, Mr. Ken Gill, Communist general secretary of TASS, said last night that it was "stronger" than the TASS motion and, if passed, would commit the AUEW to voting against the social contract at this year's annual TUC Congress.

Mr. Scanlon attended the caucus meeting, and having taken the Left-wing temperature injected some harsh words into his speech against the trend of Government policies, which he said seemed to favour "increased unemployment and cuts in living standards."

Neither the employers nor the National and Local Government Officers' Association — whose members are set on a militant course over the claim — would elaborate on the talks, which resume on Friday.

## New talks may bring offer to NALGO

By Christian Tyler, Labour Staff

THE possibility of a new pay offer to Britain's 400,000 local government staff — the biggest group still to settle in the present wage round — emerged yesterday when negotiations resumed in London.

Employers' representatives made no official advance on their previous "social contract" offer of 21.7 per cent, worth up to £1,200 a year more for senior staff and £2,000 in a few cases.

But the jump in the retail prices index announced on Friday, to give a 25 per cent May-to-July rise was a feature of yesterday's discussions. The employers' last offer, made in response to a 35 per cent claim, was based on the April-to-April RPI increase.

## Peace formula for Ford door-hangers

By Our Labour Staff

A PEACE formula to end the strike of about 80 door-hangers and fender-fitters, which has stopped car production at Ford's Dagenham plant for eight weeks, was in sight last night and may be put to the men later this week.

Local union and management representatives still have to find an agreed form of words, however, to announce settlement of the dispute, which has lost Ford production of about 17,500 cars worth £35m. in saleroom terms.

Production at the Ford transmission plant at Halewood resumed yesterday after more than 2,000 workers had to be laid off because of a three-day token strike by maintenance workers protesting at plans for short-time working caused by the Dagenham dispute last week.

## Rover output hit by three-day manual pay strike

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

PRODUCTION OF Rover saloons, Land Rovers and Range Rovers at Solihull was halted yesterday for three days by a pay strike by 10,000 manual workers.

Pickets were out at the seven factories, including two at Cardiff, and more than 1,000 staff were excluded.

Strike action is also planned by more than 8,000 Triumph workers in the associated Coventry and Liverpool plants. The link in this industrial action is the attempt by British Leyland to put all Rover-Triumph workers on to a common wages platform by January 1977.

January is the starting date for Rover workers, who have been getting an interim award of 25 since then. A top-up of extra 20-80p brings their two production grades to £59.26 and £61.40. This compares with a spread in five Triumph grades from £54.66 to £66.29. While the rejected offers are in the same basic £6-7 bracket, each group of workers is being offered a negotiable extra on restructuring to bring them into line with each other.

The management's offer is well

## Trouble hits BSC works

BY OUR LABOUR STAFF

ATTEMPTS by the British Steel Corporation to rearrange work schedules in the wake of its compromise with the trade unions over redundancies ran into trouble at several places yesterday.

Worst hit were the East Moors and Llanwern works in Wales, where 1,000 men walked out in protest at revised shift arrangements which, they claimed, could cost them up to £20 a week in lost allowances and bonuses.

There was also some trouble in Lanarkshire and the North-East.

## Subsidise P.O., Jackson says

By Our Labour Staff

MR. TOM JACKSON, general secretary of the Union of Post Office Workers, yesterday called on the Government to subsidise the Post Office for several years so that it could "pull itself up by its bootstraps."

The alternative, Mr. Jackson told a Commons select committee, would be further price rises for postal services which could jeopardise attempts to make the corporation self-supporting.

## Stores staff win £5 more

THE UNION of Shop Distributive and Allied Workers has negotiated rises of £5 a week or more for the staff of three of Britain's largest department stores — House of Fraser, Owen Owen and Lewis's.

The staff of 75 stores will benefit — including the largest stores in Glasgow, Birmingham, Liverpool and Manchester.

House of Fraser staff in Scotland and the north of England will have an extra £5.45 weekly from June 30.

Owen Owen, with 15 stores in English cities, have agreed to rises of £5.50 — backdated to May 5 — and a further £1 from October 4.

Lewis's — nine provincial units of the Charles Clore empire — were prepared to give rises of £5 to all staff, said USDAW.

## CINEMAS (Cont.)

EMPIRE, Leicester Square, THE DAY OF THE LOCUST, 10.30, 11.30, 1.30, 3.30, 5.30, 7.30, 9.30. All seats bookable. No phone bookings.

LEICESTER SQUARE THEATRE, 930 5252. Set Heart, TOMMY (A.A.), The film event of the year. Sep. Parts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100. All seats bookable.

PRINCE CHARLES, Leicester Square, 437 6181. The film event of the year. Sep. Parts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100. All seats bookable.

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## AUEW cool on worker-directors

BY JOHN WYLES, LABOUR REPORTER, IN HASTINGS

LEADERS of Britain's second largest union, the Amalgamated Union of Engineering Workers, drew back yesterday from making any commitment on extending "industrial democracy" through election of worker-directors.

Instead the AUEW's annual conference here instructed its national executive to produce recommendations for next year's conference after an investigation into the "future role of the membership for transformation to workers' control."

Speeches in the long debate highlighted delegates' confusion about the meaning of industrial democracy, and the desirability of the TUC's worker-director proposals.

After the conference had carried the motion instructing the executive to make its investigation, the Left-wing Technical and Supervisory Section accepted an amendment to its resolution which removed its opposition to any form of worker-directors.

Characteristically Mr. John Boyd, the AUEW's newly-elected general secretary, injected controversy into the debate by defending the British Steel Corporation's worker-director experiment. He said that the worker-directors had played an important part in persuading the Corporation to drop its proposals for 22,000 redundancies.

Mr. Reg Birch, the Maoist member of the AUEW executive, intervened in the debate to comment on last week's High Court decision reinstating two South Wales delegates previously disqualified from attending the conference.

He claimed that he wanted to see members' control of the union, but that there was no such control when "a judge tells us who should come where."

Mr. John Weakley, who mounted last week's High Court challenge, was defeated earlier for the chairmanship of the conference's Standing Orders Committee. After the committee deadlocked with a 4-4 vote, the conference voted 39-30 in favour of Mr. Andy McKay.

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Tuesday June 17 1975



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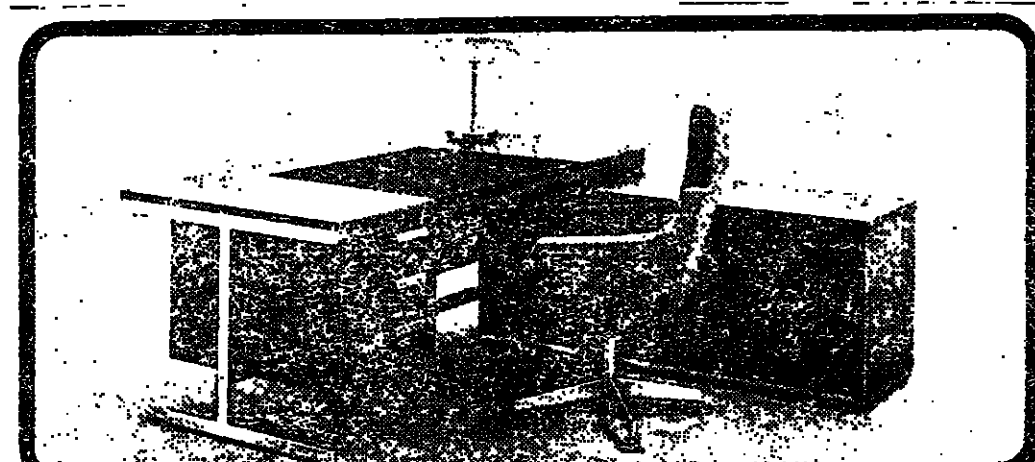
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# CONTRACT FURNISHING

The demand for contract furnishing appears to be falling off and its immediate future is likely to be affected by trends in the property world. The industry is fragmented and about 75 per cent. of the market is shared by small firms.

## Creating the right image

CONTRACT FURNISHING can be defined in many ways and embraces many activities. Its broadest definition is that it is the sale of all non-domestic furniture. But according to some experts in the industry it is the providing of specialist advice on how to fit out premises such as an office or hotel, and then co-ordinating the supply of the required furniture, fittings and other materials.

Not only is the contract furnishing industry ill-defined, it is also poorly monitored and there are few reliable statistics. Each firm that keeps its own figures has its own definition and it is difficult to arrive at some kind of consensus. One figure published seven years ago suggested that the industry was worth £100m. Yet many people in the industry agree that the real figure for 1974 was nearer £70m. Like the furniture industry, to which it is inevitably aligned, the contract furnishing industry is very fragmented. It is doubtful if even the single biggest market share is over 8 or 9 per cent. Probably about 75 per cent. of the market is shared by the dozens of small firms that play only a part in the total contract furnishing function—from the conception of how, say, an office should look to the actual delivery of the furniture and completion of the decor.

There are many people involved in the whole process, from architects to designers, consultants, manufacturers and, of course, the retailers, many of whom have their own contract furnishing departments.

The industry is even more split vertically. In supplying the various materials that make up the modern office, from fabrics, carpets, furniture, equipment and other aids. Then there are the specialists who undertake surveys of work flow in the office and advise on what kind of systems are best suited. Of course, some of the larger contractors offer this service as part of their normal business.

Although the U.K. market is as far advanced in contract furnishing as most others, it does not always take the lead in design. The market is particularly noted for the amount of cross-fertilisation which takes place and many of the furniture ranges that are presented by the contractors have been designed in Italy, Scandinavia, Germany or in the U.S. Naturally, there are many British designers who can stand proudly next to their international counterparts, but their force is not strong enough to dominate the market.

While many Continental ideas are brought into this country, Britain's most successful export

## Aware

Contractors in the U.K. are fortunate in that many senior managers are at last becoming aware of the importance and benefits of having modern ideas and decor in the office to create the right kind of environment in which to work and be contented.

Because of the relatively low status of business in the U.K., though, the standard and ambition of offices are not up to the standards in the U.S. or Germany where businessmen appear to have higher status in their societies and take more

pride in the office environment. Yet one aspect that British businessmen cannot get away from is the element of cost. As office rents go higher and space becomes more valuable, so the benefits of flexible systems of office partitions and decor become appreciated. So it is not surprising to find that one of the fashions at the moment is the flexible, modular system that can be adapted to almost any office environment and rearranged easily and at will. If the "in" word during the 1980's was "Integrated Design," the vogue to-day is for systems, and this influence can be seen in most of the furniture ranges offered by contract furnishers.

The types of contract which a practitioner can offer depends very much on the scale of his operations. The developing



An office furnished by Dexon Office Planning.

## This Report was written by ROY LEVINE

trend to-day is the turnkey project in which a practitioner aligns with other specialists to form a loose syndicate of builders, architects, and so on to offer the full range of services for any project irrespective of size or location. This approach, which is being pursued by most of the bigger firms, is especially apt at a time when, partly as a result of the present low level of new office building, there is a likelihood of a recession in all parts of the industry over the next two years or so. Exports and work abroad naturally then become more important.

There are not many firms that can offer the complete service (excluding the actual building, of course) of contract furnishing, for that implies having one's own manufacturing facilities, retail outlets, office planners and so on. For the firms that can provide the comprehensive service like to become involved in the project right from the beginning.

In some cases their experts will de facto become a part of

the management of the project and help advise on what kind of furnishings will best suit the personality of the company, the new building and so on. Many projects, though, do not need such full treatment and there are many small firms that can give advice on a consultancy basis and are sometimes more independent than the big groups, which naturally like to push their own furniture on to the client. (There is a presumption, of course, that the client is attracted by the contractor's range before he approaches them, anyway.) Even many of the medium-sized retailers can provide some kind of service, too.

## Repair

One of the most important ingredients in the service is the survey of office functions. Unless this is done properly in the first instance, the whole object of the exercise could be lost. Like most other contractors, Carson and Shannon measure, through the survey (which can take up to a week to complete) that the client gets the right kind of furniture or film cabinets to suit his need.

Essential parts of most contracts are also the maintenance and repair clauses, often part of the warranty, and the fact that the contractor can ensure an adequate supply of extras to the range he has supplied.

Many of the firms in the contract market have their own selling forces. But most of the business is obtained through recommendation, reputation and follow-up. After all, if a person does not like the Heal range, for instance, he is unlikely to ask the firm for a quotation. But Heals has such a fine reputation that it is probably one of the few parts of call for many people who can afford its prices.

The development of the industry over the immediate future is likely to be affected by trends in the property world and the way that Government legislation affects it. The signs at the moment suggest some falling off in demand, so that it is the strongest firms that will best survive the recession which has only just begun, and at the lower end of the market. The extravagances which have accompanied some of the contracts of recent years are unlikely to be seen for some time. But the basic needs for contract furnishing need never be questioned—it has become clearly established as part of the upgrading of the whole office operation.

# Demand for carpets eases off

CARPETS ARE becoming a vital link in the presentation of better offices in the U.K. They can make an office more comfortable, better to look at and so help create a nicer atmosphere which can help create a better working atmosphere among staff.

This factor of having a better environment is becoming one of the important elements in recruiting and keeping staff at a time of high staff turnover and increasing salaries.

But carpets can also save money through improved thermal insulation which reduces heat loss. They can also be cheaper to maintain, thus cutting down servicing costs.

Naturally, though, the current economic uncertainty is going to affect the market.

Already some contractors are stating that although there has been no appreciable downturn in the volume of business done, there has been a marked downgrading of the quality of carpets being installed by customers. After all, among the choices that any business has in a recession, cutting the costs of carpets is in many ways the easiest as when the economic climate improves, there is another chance to lay a more impressive floor. The cutback in the number of building starts and the quality of buildings is, of course, another feature that can affect the carpet contracting business.

To some extent, however, the cutbacks in the home market can be made up in the expanding export business. In the first half of 1974 exports rose by

68 per cent. from £26m. to £44m. In some cases the rise has been even more impressive.

Perhaps the most buoyant sector of the market is the carpet tiles. According to Contract Carpeting, the Architects and Specifiers Guide Series (which any prospective customers ought to examine before entering into a contract, for it contains a lot of wise information about the subject), the tile manufacturers are reporting increased volume and the leading manufacturer predicts an increase of about 50 per cent. in sales. The reason for the popularity of using tiles is that they are easy to lay and have little wastage.

However, as the Guide points out, carpets increased their share of the overall market, possibly because of the greater use of carpet tiles. The greatest volume growth was in the commercial office sector, followed closely by the industrial office sector.

Of the total annual U.K. carpet tile volume of some 3.5m.

sq. yards, offices accounted for the biggest slice. The other main sectors were schools, hospitals, shops and hotels.

The trends, in recent years, have been for an expansion in the office sector because of the expansion in the amount of available office space and the amount of new building being done, while there has been a fall in the work done in hotels following the fall in the construction of hotels after the boom period of the early 1970s.

The choice of floor covering material is usually decided by the architect in new building projects, while in the replacement market, which accounts for around two-thirds of the

total, the decision is normally made by the contractor or maintenance manager.

If the contract is large and the client wishes to go out to tender, there are various approaches to use. There is the conventional tender where you choose a stock carpet, colour, weight, pattern, etc. Alternatively the client can decide how much money he can afford on this part of the total contract and consult a number of suppliers to provide specifications within the contract price. Finally, there is the combination of the two, where rough estimates of the cost of all the kinds of carpets of all the coverings wanted are assessed.

## What is 'alternative' furniture?

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# Deals can vary widely

THREE GROUPS which are prominent in the contract furnishing industry, and between them share probably over 12 per cent, of a very fragmented market are Conran, Hille International and Heals. Between them, they indicate the kinds of package deals which can be arranged and the various choices available for the customer. There are, of course, other equally capable firms in the field.

Conran Associates is the design side of the Conran and Habitat group and does not always become involved in contract work. In those cases where Habitat advisers see the need for specialist services, they will recommend their associates who will in many cases charge separately for the consultations.

The furniture ranges of both Conran, which is more up market, and Habitat are available on a contract basis. In those cases where the full requirements of the client cannot be met from either of these ranges, however, furniture will be bought in from other suppliers. But since most contractors make most of their profits from the sale of furniture rather than from fees for advice, this expressed policy has a limited value for all the companies in the field.

Habitat has been expanding its contract side and has seven of the smaller jobs are beginning to come back—the small firms that want to show a brave face at reception. Again, like the other firms, they are planning activities abroad to compensate for the uncertainty in the home market and are currently engaged in getting together a consortium of talents to bid for large projects in the Middle East and elsewhere. Habitat does not have its own manufacturing facilities but its own designers has furniture made up to its own specifications.

## Showrooms

They sell from catalogues or invite prospective clients into the Habitat showrooms and pick up most of their business through personal contact with architects, office planners and others in touch with what's happening in the office field. According to Mr. Peter Hope, director in charge of Habitat's contract operations, there are plans to open several showrooms across the country, including Cardiff and Newcastle. The core of the product range is the Olivetti Synthesis 45 furniture which is built designed around the use of equipment and is aimed at the middle-price market.

Although, like the other firms interviewed, Habitat reckons it has not been affected by the market downturn, it admits that a lot of potential jobs were postponed last year and that some of the smaller jobs are beginning to come back—the small firms that want to show a brave face at reception. Again, like the other firms, they are planning activities abroad to compensate for the uncertainty in the home market and are currently engaged in getting together a consortium of talents to bid for large projects in the Middle East and elsewhere.



A restaurant in a pub furnished by Oliver Designs.

Hille International is one of the biggest operators in the U.K. and also offers two separate ranges of furniture. One is presented by Form International under a licensing arrangement with Knoll International of the U.S. which is aimed at the middle to upper price bracket. It is mostly designed by international rather than British designers, but is made mostly in the U.K.

The other range is from Hille International, designed mainly by British designers but is sold world-wide. It is this range which will be used in the film.

contract recently won by the group to go to the World Trade Centre in Hong Kong. Hille, in fact, has licensees in 40 countries and as particularly active in South America and Europe.

The group has three factories—in Watford and Haverhill—and although it does not employ its own designers on a full time basis, it does have various exclusive arrangements with well-known designers in the U.K. and abroad.

"Our range is flexible and wide enough for most jobs," says Mrs. R. Julius, a director, "but we will use furniture from other firms to fill those gaps where they exist."

The firm likes to get involved in the initial stages of a

new building going up because, as Mrs. Julius says, "the furniture must suit the type of building the client is moving into and his kind of operations." It is essential, she adds, that the office planner has direct access to top management and can form a close liaison with the various department heads to study the organisation of paper flow, inter-relationships between departments, status situations and so on.

A typical package deal depending on the brief will involve analysis of job functions, advice on decor, light structural rearrangements, providing the complete interior furnishings and some of the fittings as well as the co-ordination of the contract including deliveries and

installations. Naturally some of the work, like arrangement of dropped ceilings, will be subcontracted.

Apart from the fee for systems analysis, there are charges for the supply of furniture and other equipment. Where there is no systems analysis there is a small advisory fee to deter frivolous inquiries.

Hille operates through its direct salesmen as well as official stockists of its ranges and also has a specialist group to look after the institutional clients like local authorities, hospitals and so on. This year, admits Mrs. Julius, it is harder to get orders because of the general economic uncertainty, but she claims that Hille is still

keeping pretty busy.

Heals Contracts reckons to have about £3m. a year turnover and also has a separate building, decorating and joining company that generates another £2m. in sales, making it one of the largest in the industry and the most widely spread, too. There is also Heals Fabrics and a servicing company so the group can provide a fully comprehensive service.

## Ranges

The group makes its own standard ranges of furniture but reckons that about a third of the contract side is from other suppliers. About 60 per cent. of the work it does is in offices, boardrooms, dining rooms and so on. But it also undertakes work for banks, hotels, leisure groups (casinos) and ships. "Every British liner since the war has been fitted with Heals' furniture," claims Mr. A. Skeel, the man in charge of the group's contracts. To complete the picture, the firm also does work for local authorities and Government on a contract basis.

The general market, says Mr. Skeels, took a nose-dive last September as the economy got worse. But, because Heals had some big contracts under its belt, it has not felt the pinch as badly as some of the smaller firms and Mr. Skeels expects the company to improve on last year's profits, mainly because of the increase in exports which could account for as much as a quarter of total turnover, against around 15 per cent. in 1974. The market, though, is not bad enough to deter Heals from opening its third branch at Glasgow—it is already represented in Birmingham apart from its well-known Tottenham Court Road showroom. Heals charges a consulting fee and a design fee but most of the profits come from the sale of furniture. And, of course, there are special contract prices, depending on the size and complexity.

# Needs of the office

THE OFFICE environment is attracting more attention and is becoming an issue even in the boardroom. One reason is that, like any mature economy, an increasing proportion of the labour force are white collar—so there are more people to house. Another reason is the "social wage" which companies can provide simply by creating a better working environment. This is especially true of firms that decentralise or move into new premises even in urban areas.

As managements are beginning to find out, moving office provides an ideal opportunity to reassess the whole organisation. And the people involved in contract furnishing can offer a useful service in this process. If a contractor or consultant is approached before management makes firm decisions, they can give advice on how to rearrange the paper flow, status of office staff and relationships and other important functions.

The designers of office furniture are well aware of these functions when determining what kind of furniture is best suited to modern needs. And, although the trade is apt to coin complicated words to express basically simple concepts, their efforts add greatly to creating more efficient offices.

Because of the building boom which peaked in 1973, many contractors are still involved in fitting out offices in new buildings and it is estimated that about half the work they are currently doing is concentrated in this area.

## Desks

About a fifth of the market is in executive and typists' desks—a market worth about £14m. a year at current rates. Desks are often the focal point of an office, the place where most of the activity is centred. In 1974 it is estimated that about 380,000 desks were sold to business. Of these, about 270,000 were made of wood, making up a market worth some £10m. Against an average price of just under £40 for a wooden desk, the steel desk averages out at around £45—in 1974 some 90,000 steel desks were sold for about £4.1m. One of the leaders in the field is Roneo Vickers, which claims to have about 15 per cent. of the whole market and a little under half of the steel desk sector in which it specialises.

The trend, according to Roneo Vickers, is towards desk systems, that is, desks that can be moved around to offer a number of various positions and allowing for space

savings—one of the vital factors concerning management in an age of high and increasing office rents. The system is designed for maximum flexibility and can incorporate the basic office structures. A fully equipped working situation consisting of the panelling, desk and seating, lighting and office machinery can cost between £350 and £550 per person. Alternatively, this cost can be deployed among two to four operators sharing the same area.

Roneo Vickers claims that savings in floor area of about 20 per cent. can be made using the modular series of screens, desk units and filing units. This is the kind of design which has become fashionable among many of the contract furnishers. One advantage of the Roneospace, as it is called, is that there is no need for screws, rivets or other fixing components. Every component is mobile and interchangeable, making it possible to create a series of alternative working environments.

Another, similar system has been introduced by G. A. Harvey Office Furniture and is also ideally suited to open plan.

Called the Space-setter it comes in a choice of four wood finishes in chrome or light grey frames; the pedestals, drawer fronts and screens are available in four colours.

Like other contract furnishers, Harvey can help design the office layout, including advice on choice of colours and can supply and fit any other items required. Another idea being presented by contractors is the executive desk that incorporates a lift-up flap to provide instant conference or dining room facilities. There is one from Gordon Russell called "Series 3". Form International has an attractive one, too; and Caplan Profile has a system of fitted brackets allowing tables to be converted into single or double pedestal desks, to which typing extensions and filing or storage cabinets can be placed to form compact and space-saving units.

## Chairs

In chairs, for both executives and typists, there is the continuing discussion about the importance of posture—for a badly designed chair can present hazards to even the

strongest backs. This is certainly one point to watch for and discuss with the consultant or contractor. Another is the potential fire hazard and in this respect Heals has an interesting new chair which it claims is resistant to fire. Tests are being conducted and the chair should be on the market soon. Many office chairs to-day are being made of new materials and it is becoming common to see plastic chairs impressively dressed up in colourful fabrics.

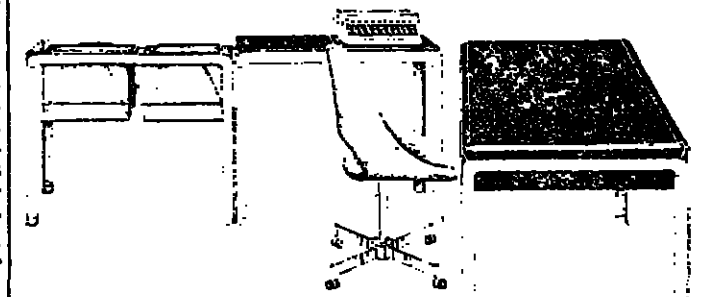
Modular designs are "in" for office furniture and equally in vogue as far as office design is concerned. The new head office for Finance For Industry at Waterloo station is an impressive example of the new trend. Wall partitions can be moved easily, making the construction of cellular offices and open space divisions simply a matter of unscrewing some partitions and putting them up elsewhere. Lighting, air and sound conditioning operate from the ceiling modules while telephone and electricity cables are in the floor. The new headquarters of insurance brokers Sedgwick Forbes is another fine example of this theme.

# HEAL'S CONTRACTS

For Beautiful and Functional Offices.



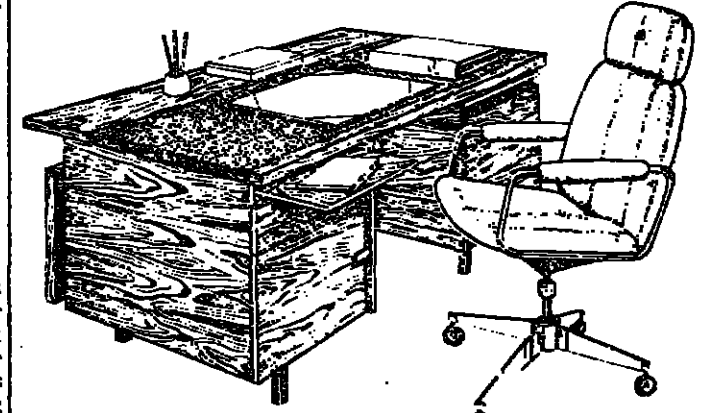
Desk Chair. Aluminium frame, available covered in hide or a choice of fabrics. Also available in high or low back versions.



The DJOB office system exclusive to Heals.

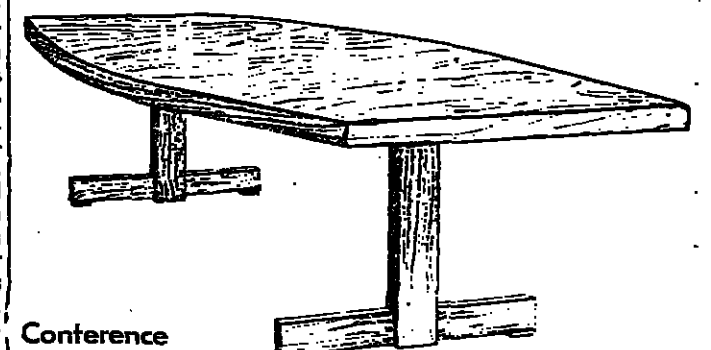
Polyprop chairs are made for strength and comfort and are part of the system. They come in a variety of types, on leg or swivel bases, covered in PVC, hide or any one of a number of fabrics.

The desk is designed by architect Arne Jacobsen. It includes work stations, filing trolleys, cabinets in steel frames with natural beech tops. The whole system is designed to smooth work flow in medium and large offices, at an economical price.



Rosewood Executive Desk.

Designed by Clive Hunt and made by hand in our own cabinet workshops, this desk is veneered in Rio Rosewood with matching solids. The top and handles are leather covered. Desks of any size and finish can be specially produced.



Conference Tables and Chairs.

Superb conference tables and matching chairs can be made to any size, shape and finish desired, in our own workshops. This table is veneered in Rio Rosewood, but other woods can be used, if required.

Heal's Contracts supply a wide range of very functional office furniture. The prices cover every spectrum of interior furnishing, and can often be less than you'd think. We also provide a complete interior design, decorating and furnishing service, from boardrooms to typing pools, providing the highest standards of appearance and workmanship at prices that are remarkably competitive. Write or telephone for a leaflet.

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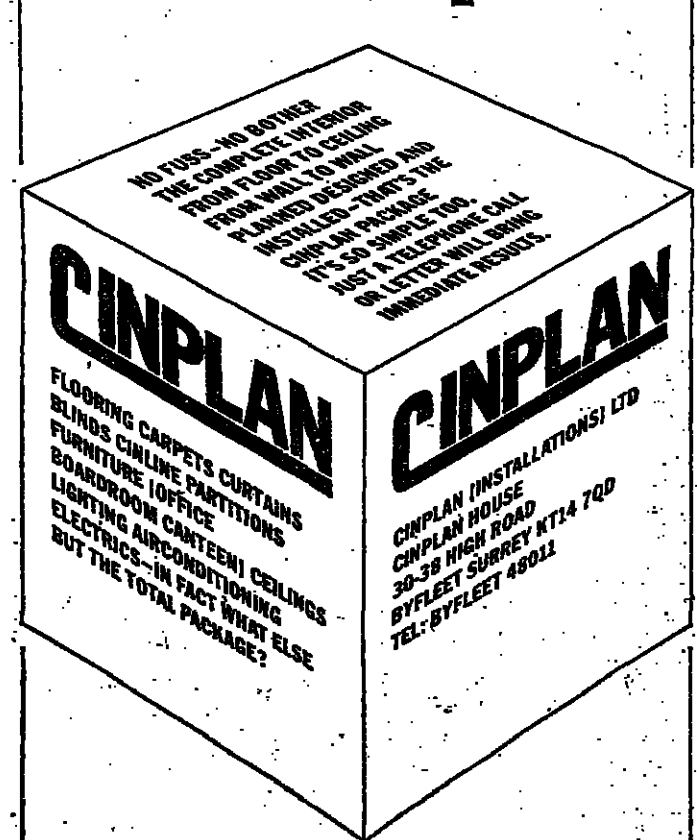
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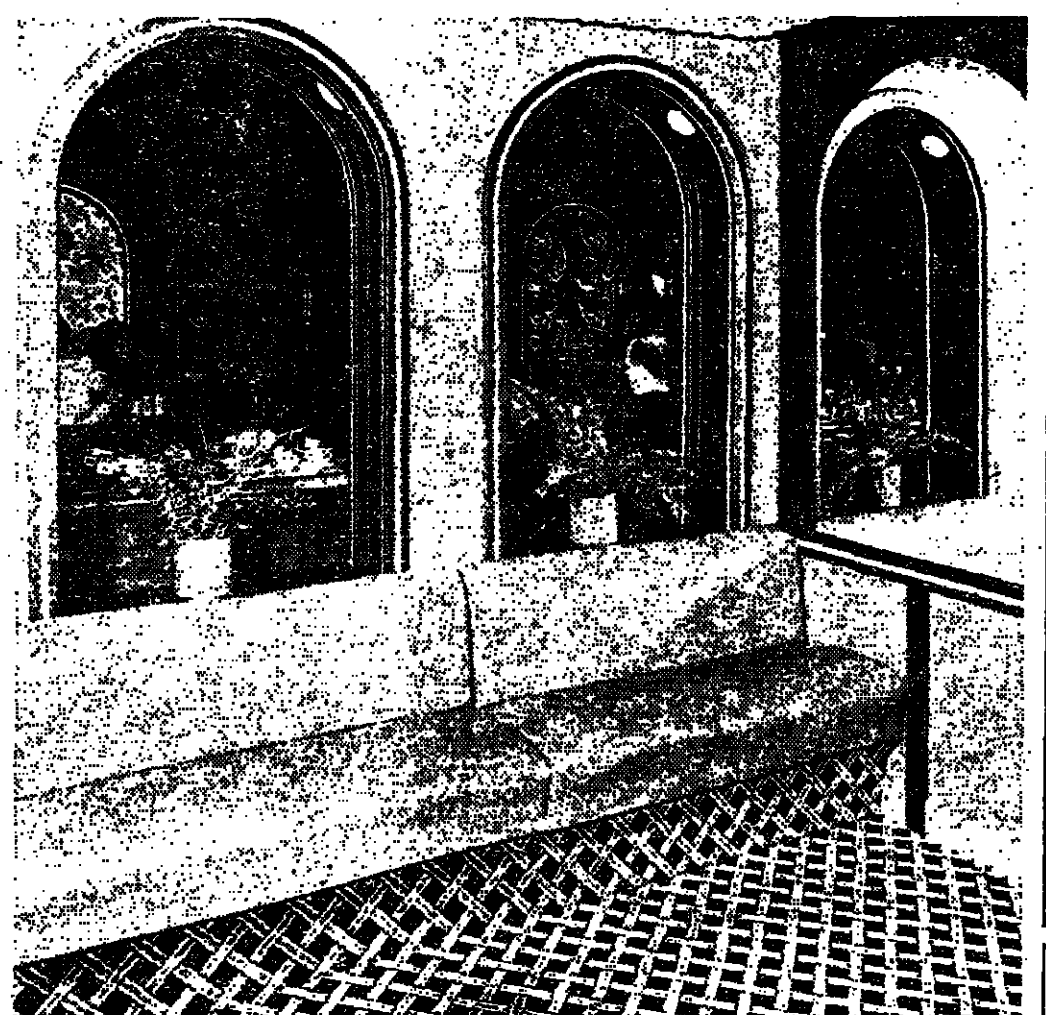
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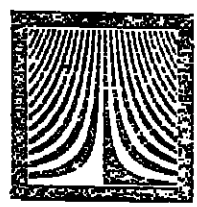
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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHÖETTERS

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## Quality will sell in any market

ALTHOUGH the major force in ASEA Electronics production so far has been its power converters—representing half the current annual turnover of well over SKr400m—many other products are in the pipeline. Among them are a number of devices aimed at providing a first-class solution to problems the electronics giants have not tackled.

Because of this the company is confident that its present 25 per cent. growth rate will carry it on to something like five times its present size in 1983.

One reason for this confidence is the way in which its products are accepted outside Sweden, even though 85 per cent. of the group's world sales are made at home. Backing this constant export drive is a research and development expenditure of some 20 per cent. of turnover plus a contribution to the central laboratories. In this context it is significant that America's General Electric company has taken a licence to manufacture thyristor locomotives to ASEA, although since 12 years ago ASEA was using GE know-how to set up its power semiconductor facilities.

In the meantime, per capita output for the two groups has altered in ASEA's favour—in 1965 it was 50 per cent. lower.

All this has to be considered in the light of a deliberate policy to improve most designs within a lifetime of four to five years. Such policies are dictated by cut-throat international competition and the fact that—in power semiconductors especially—capabilities are advancing so fast.

**Power saving**

At present, a major effort is being concentrated on methods of controlling processing plant, machinery etc. to cut lost running time down to an absolute minimum and this is an area where packages are likely to sell very quickly, especially if energy costs rise and governments in the compul industry to cut its power in a special unit arises.

Like the electronics plants at Enköping and Vasterås, HAFO relies heavily on computerized design and uses the Kedac/Racal software from Britain.

Here, the prominence of the company in direct current transmission and conversion will come into its own.

At present it is producing thyristors capable of handling up to 800 amps per component or 1,800 amps per converter bridge. Capacities have trebled in three years and this rate of advance is likely to continue.

Linked closely with all the foregoing is the activity of ASEA-HAFO with plants on the outskirts of Stockholm. A relatively new acquisition by ASEA, this unit is the company's integrated circuit activity supplying some 200 custom-designed devices to the group and outside buyers.

In the production of these low-power units, the company is not attempting to compete with the giants but, as mentioned above, perfect its manufacturing techniques so as to be able to move in quickly where the need for a special unit arises.

The nine character printing head consists of a ceramic substrate and a row of thick film power resistors. The resistors, five for every character, are separated by laser-cut notches, providing close mechanical spacing with small tolerances. The current to the resistors is controlled with a multichip diode decoder, also on the ceramic substrate.

In a hard copy unit the printing head is mounted with slight spring pressure against a roller. When the thermal sensitive paper is passing between the printing head and the roller, current pulses are fed to selected resistors so that the desired symbols are generated. The spring action originates from the mounting pins on the substrate.

With its new thick film printing method, ASEA-HAFO has achieved very good thermal insulation between the hot resistor and the cool ceramic substrate. Resolution on the paper is



The leading cold roll formers. METSEC

physical failure mechanisms involved.

In smaller sized planar LED chips the main cause of degradation, proved to be a bulk phenomenon, not a surface problem according to common belief. An important spin-off from this work is that test data can be obtained faster by measuring degradation at a lower current level than the operating current.

To guarantee reliable devices the HAFO manufacturing process eliminates the main cause of degradation—screening chips before attachment to devices and applies a three-level quality assurance.

In the screening step a number of LED chips are sampled from each batch and stress tested during a short time. If the degradation is below a certain value, the batch is approved. If the degradation is larger, which is a rare case, the batch is rejected.

The first level of the quality assurance is a weekly quality test in addition to the normal production testing. Every sixth week a more elaborate test with emphasis on long-time degradation is carried out, and every sixth month the components have to pass through a full characterization.

The company has done away completely with all plastic insulation close to the transistor surface. Its optocouplers take advantage of a patented reflector scheme, providing air insulation and an improved transfer ratio.

### Short life

There are cases where gallium arsenide units have degraded severely after 200, rather than typically 10,000, hours and as these frequently are used in optical couplers, the situation is not acceptable.

For several years ASEA-HAFO made extensive characterization and life testing of such devices from all main manufacturers on behalf of the Swedish electronics industry.

Besides the statistical data derived, the testing gave clues to improved methods and important information on the

excellent and the short thermal time constant of the spot leads to fast printing action.

The new printer head has the ruggedness inherent in thick film technology and no moving parts. Batch processing of the thick film resistors, it also has a definite edge in cost over competing devices.

In another important new area of the electronics field, the company believes that a team under Dr. H. Nettelbladt has solved

### METALWORKING Shows up defects in big parts

STEEL SECTIONS exceeding 100 mm (4ins.) thickness can be X-rayed by the Philips MG 420 industrial X-ray system available in the U.K. from Wells-Krautramer Limited, Blackhorse Road, Letchworth, Herts. (046 26 2544).

The unit has high penetration due to the 420 kV constant potential output at 10 mA. It is of modular design for high manoeuvrability and ease of assembly; the manufacturer has limited the weight of any one module to 100 kg (220 lb).

There are seven basic modules: double focus X-ray tube, twin high voltage generators, power transformer, low voltage power pack, control unit and independent oil-filled cooler.

Accessories include mobile hydraulic tube stand, radiation limiting diaphragms and a centering device.

The entire system is equipped with safety interlocked connectors for its flexible cables, and conforms to British, German and American standards.

AN INTERNALLY fitted cabinet that provides outside meter reading facilities and outside access to meters and time switches has been introduced by Clifton Engineers (Lytham) of Westcliffe, Lytham St. Anne's, Lancs. FY5 5DS (03916 62511).

The unit fits into or on an internal wall of the property with the meter and time switch reverse-mounted. An aperture in the outside wall, protected by a door fitted with an unbreakable glass window provides meter reading facilities.

There are two separate compartments: the upper with its own door, contains the switch and fusegear for the consumer's use; the lower, fitted with a drop-down door has the meters and time switches on the back of the door. The design permits easy changeover to pre-payment meter.

A security strap fitted to the drop-down door prevents access from inside the dwelling.

### Cuts very big bars of metal

WITH A round bar capacity of 1,042 mm (41 inches) the Addison US 1000 machine recently installed at the Stroud, Gloucestershire, works of McEvoy Oilfield Equipment, is believed to be the largest bar-cutting horizontal bandsaw in Britain.

It will handle sections up to a maximum of 1,000 by 1,200 mm (39.4 by 47.25 inches) with a range of speeds and feeds suitable for ferrous and non-ferrous materials, including alloy steels.

This machine is of a twin-column construction with a bandsaw bow raised and lowered hydraulically and counter-balanced.

Blade guidance is by two arms incorporating sealed rollers, together with lateral and upper carbide guide blocks and a special compensating mechanism to ensure that the blade remains accurately positioned.

The blade tensions automatically to a pre-determined value as the machine is started, being

### Reading the meter from outside

relaxed when not in use; the blade carriage returns automatically at the end of the cut and a malfunction during the cut, such as breakage of the blade, will also bring the cycle to a halt automatically.

Addison Tool Sales Company, Westfield Road, London W3 9RE (01-893 1561) says tests at McEvoy have proved the accuracy and squareness of the cut made by the US 1000; the indications are that a 36-inch (914 mm.) diameter alloy steel billet can be produced with sides parallel to within 0.15 inch.

### PROCESSSES Dryer has options

LOW-COST freeze dryer equipment under the name Modulyo, is ideal for laboratory work or pilot runs.

Edwards High Vacuum (BOC) is offering it as a basic unit, comprising simply a cabinet containing an air-cooled refrigerator, compressor and a condenser chamber together with appropriate connections and switching. It is also available complete with a whole range of accessories: vacuum pump, gauge process attachments, coupling kits, and so on.

### POLLUTION Keeps oil from spreading

AN OIL boom intended to offer a simple method of preventing oil spills from getting out of control is offered by Petrie, 35 Barrow Street, Dublin 4 (Dublin 682344).

The idea of the boom is to provide a floating barrier around areas at risk so that any spillage is contained allowing controlled cleaning and reduced risk of the slick drifting.

The booms are made from a fabric claimed to be highly resistant to oil. Each consists of a buoyant float and a skirt that hangs about two feet down into the water weighted by galvanized chain at the bottom. Supplied in

### AUTOMATION High-speed colour prints

TWO STAGE processing chemistry used in conjunction with a special processing drum will, it is claimed, allow colour prints to be made in a few minutes.

Known as the Reseller Color System it has been introduced into the U.K. by Foto factors and is aimed at the keen amateur, professional photographers and the graphic arts industry.

Two chemicals involved are a developer and a bleach. Used sequentially in the drum. Only three ounces of each solution are needed and at a temperature of 125 degrees F a high quality 10 by 8 inch colour print is said to result, the chemistry taking about two minutes.

For use with existing colour papers (A and B types), the system incorporates a complete substrate filter set and exposure calculator and may be used with any enlarger. The calculator is in the form of a grid consisting of 130 small squares.

A test print is made in contact with the colour paper and the selection of a specific square indicates the filtration and exposure requirements. More from the water weighted by galvanized chain at the bottom. Supplied in

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NEW ISSUE

All these bonds have been sold. This announcement appears as a matter of record only.

May 28, 1975



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Société Générale Alsacienne de Banque

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Swiss Bank Corporation (Overseas)

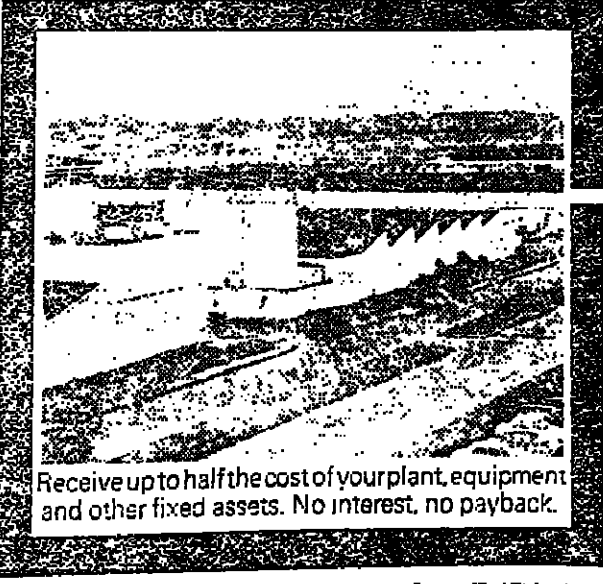
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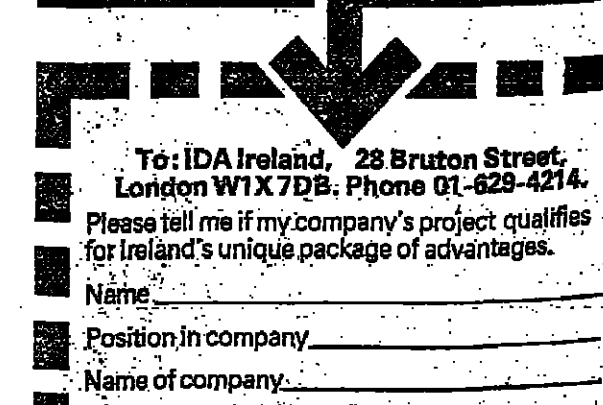
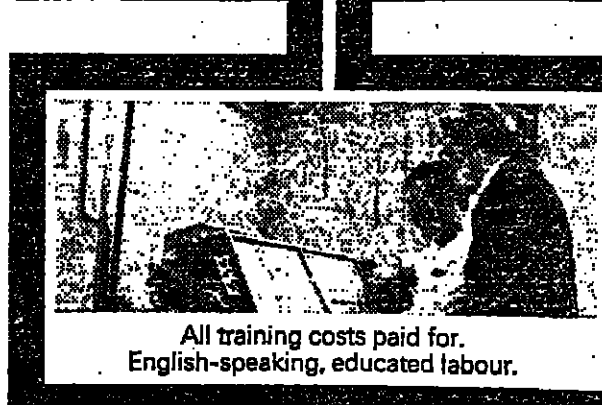
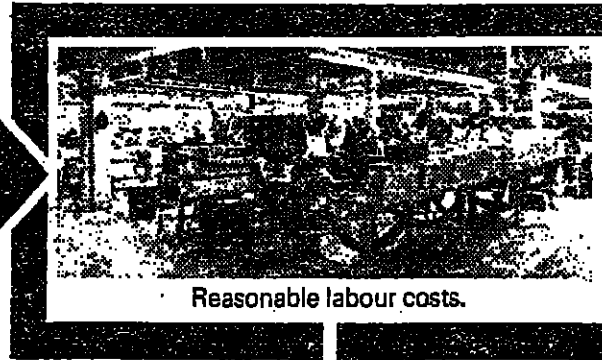
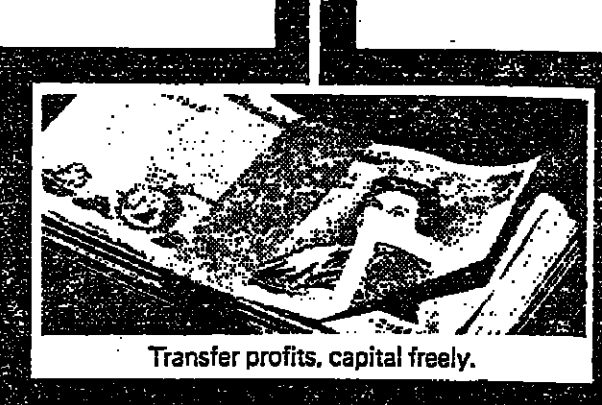
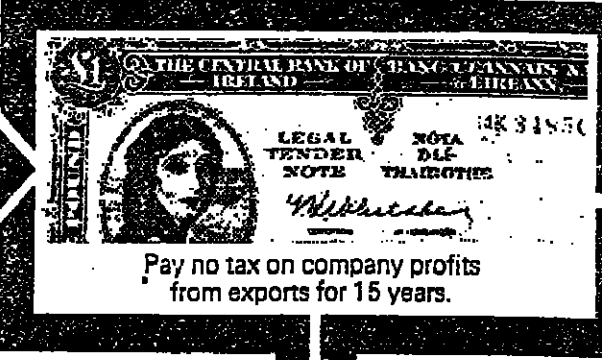
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# The Executive's World

## Raising British car quality

BY JAMES ENSOR

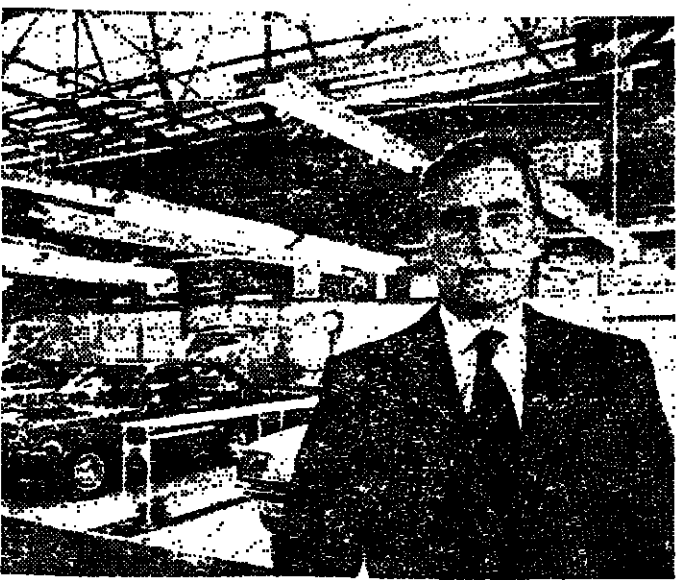
VAUXHALL, which at least on the big car side, has seemed to be the weakest of Britain's "Big Four" motor manufacturers, has been enjoying something of a revival. In May, it regained 11 per cent. of the market—indeed, admittedly by a dealer incentive campaign and Leyland's difficulties—a share that it has not seen for many years. The new Vauxhall Chevette had a reasonably good launch and dealers have reported that the increased showroom traffic helped to sell Vivas also—pushing the latter into third place in the market.

Although it may turn out to be no more than a "flash-in-the-pan" the results are heartening for Mr. Bob Price, who took over as chief executive last year. Vauxhall has become something of a graveyard for General Motors managerial talent, as man after man transferred with a successful record at Holden in Australia or GM South Africa, has failed to grapple the particularly deep-seated and intractable problems of Vauxhall.

Mr. Price had one huge advantage: he recognised the scope and depth of Vauxhall's problems. His previous jobs with GM in Switzerland, South Africa and Belgium involved marketing and sometimes assembling Vauxhall products for sale locally, so that he had a good view of the problems which the company encountered in the field. And he readily admits "I have been a pretty strong critic of Vauxhall car products."

Vauxhall's problem, in a nutshell, is quality. In a microcosm, it represented the failings of the British motor industry as a whole. Too often, Vauxhall cars have been exported with problems ranging from persistent vibration in the drive line to poor fit of doors and boot and bonnet panels—weaknesses which could perhaps be glossed over in Britain, but which lose sales in the critical markets of Switzerland and Sweden.

Price was realistic on arriving at Vauxhall. Quality is a matter of attitude and approach and long-established practices are not changed overnight. General Motors has long had a thorough system of quality audits, which checks how the standard of the cars emerging from the end of the production line compares with a theoretical specification. In the worst years, roughly from 1968-70 Vauxhall deteriorated to a score ranging from 100 to 110, against a theoretical maximum of 140. By



Mr. Bob Price, managing director of Vauxhall Motors, in the Quality Audit and Diagnosis Section of Vauxhall at Luton, Bedfordshire

comparison, the Opel plants at Bochum and Antwerp run at about 125 to 130 and Vauxhall, today, has edged back over the 120 level.

The reasons for low scores, which are averages of the number of demerits awarded to each and every car coming off the production line range from bad design—where assembly is too difficult to dirty environment around the paint plant or lack of space to rectify faults on the production line. Curing quality faults often requires a fundamental redesign of the product, or a major alteration of the working area: only rarely can the attitude of the man on the job be blamed and Mr. Price rejects outright the idea that Britons are any less conscientious than Belgians, South Africans, the Italians employed by GM Suisse, or the Turks, Yugoslavs and Germans at Opel, in completing a job.

The major factor in raising the quality rating of Vauxhall cars has been a process which Bob Price calls "Grass Parades." Originally held on the lawn outside GM factories or assembly plants, the "Grass Parade" is a regular morning session in which the service managers of Vauxhall dealers are given carte blanche to criticise the design, finish or reliability of the product. The audience consists of 35 or 40 Vauxhall staff from the managing director to the area manager on the shop floor: they all listen patiently while the man responsible for explaining problems to the customer gets his own back at them.

The problems range as Price says "from heavy items such as why we still have drive-line

self-adhesive clips, which pull out through the carpet." Mr. Price himself spotted a problem of "third gear hop-out" on the Chevette, through his own driving of the car—a break with the tradition in some motor companies where the boss would only drive the most prestigious model.

The Chevette, of course, is the first Vauxhall model to draw heavily on the design expertise of its sister company Opel, since it shares many components with the small Opel Kadett. This has produced some problems as Price explains. "We got the Opel whine on the rear axles in the first 3,000 cars which we built with bought-in axles." But it has meant that Vauxhall could draw on proven components, with known faults, giving it a head start in producing a reliable, durable car.

The Chevette looks as though it will prove to be a new type of Vauxhall. Certainly the combination of a large understressed engine, with proven body components was one that gave Volkswagen its enviable reputation for reliability. Price, himself, claims that Vauxhall is now producing a car with as good a finish and fit as any British motor company, though his target is the Continental level.

Vauxhall has clearly made considerable strides in its quality control, particularly in its paintwork and rustproofing which was once lamentably poor. But it takes many years to communicate such changes to the buying public, particularly abroad, whose memories are long. Bob Price directly reflects any idea of changing the name of Vauxhall, to side-slip the image—an idea which was at one time fashionable at GM's Overseas headquarters in New York. He says unequivocally "the name doesn't mean a thing—the product has got to be right."

Vauxhall clearly has a long road to follow before its name becomes synonymous with product quality again—ironically before GM bought it in the Thirties, the company only built exclusive, powerful cars. But Price has deliberately launched the Chevette as an expensive car, with a high level of trim and finish to match the Japanese and the Germans. The model is available only in a high specification, high price version though as Price explains "later, if we do get the image, we could back off and compete with a standard model."

### Design

Some of the more serious problems, such as the fit of body panels—a critical item in the German and Swiss markets though sometimes overlooked in Britain—may be caused by the basic design of the car. As Price relates, one assembly job on a Vauxhall "requires five guys holding a piece while it's put together under pressure." Drawing the production and design men into "Grass Meetings" where they can hear customers' views relayed through critical dealers is one of the best ways of avoiding such mishaps.

Mr. Price has been quite prepared to hold up a new model in order to ensure that the quality is closer to perfection before introducing it. The Chevette was delayed over six items, some as minor as the buckling of a strip of metal over the spare wheel, or the

## Free enterprise in peril

By MAURICE IRVINE in Los Angeles

TWO HUNDRED BANKERS rose to applaud, in the Century Plaza Hotel, Los Angeles' latest and plushiest convention mecca, when the chairman of Pacific Telephone and Telegraph Company declared that the American free enterprise system is today in mortal peril because of a "stupid and naive" public has lost faith in business and industry.

Mr. Jerome Hull, in words which are now being discussed in boardrooms and meetings across the State, complained that his business colleagues had allowed the country to forget the great economic and social advances they had pioneered. Instead of taking pride in its accomplishments, business was accepting the role of "a sort of puppet class" on which most of society's ills and frustrations could be blamed.

Businessmen were unjustly painted as "greedy profiteers" by politicians, TV and the Press, who were all contributing to a general distrust, said Mr. Hull, as he urged his audience to get to work on educators and become involved in politics at all levels to spread the gospel of righteousness.

Strong words for these apologetic days, but Mr. Hull had reason to complain that "big business" ethics are under fire as never before, and from those same "effete snobs" whom Spiro Agnew used to castigate.

Typically, one recent survey—by Opinion Research Corporation—shows that an all-time record of 67 per cent. of the population now takes an unfavourable view of the larger corporations (this 20 per cent. more than ten years ago). Another poll, federally funded, indicates that 57 per cent. of the public want government to step in with more controls. A third poll, by Gallup, finds that college students almost universally see major companies as "greedy," "irresponsible," and in dire need of closer regulation.

This climate of suspicion has already activated political support for stronger federal watchdog agencies to protect the consumer from business avarice. Congress is urging the banks to disclose the purposes for which they lend their money. The Securities and Exchange Commission is demanding more and more data on corporate affairs. And now businessmen are trying to fight



Mr. Ralph Nader and Senator Barry Goldwater

off a drive to put "public members" on company Boards—and plunge us all, an indignant director told me, "into the same Socialist quagmire you have in Britain."

Watergating in the business world, exposures of fraud and deceptive advertisements, draw the spotlight daily. Most recently there has been the flood of "slush fund" revelations—Northern, Gulf, United Brands, and so on—to add to the picture of business "corruption," despite the protests of company presidents who claim that foreign bribes are the only way of doing business, "a necessary evil," in some countries.

Another reason given for the disenchantment is a startling ignorance of the workings of the U.S. economic system. Polls reveal that the young, who supply the system's fiercest critics, are also the most misinformed about the hard facts of business life.

Economics, far from being standard high-school fare, as might be supposed, is taught, if at all, so abstractly as to fog over what should be a fascinating study of the workings of power, or else, according to economist Irving Kristol, this training is in the hands of academics "radically deficient in common sense, who are just as inclined as their students to prefer fantasy over reality." It seems that only half of the nation's 60,000 "social studies" teachers have any formal grounding in the subject. How "stupid and naive" are

hard at work. Ralph Nader is currently saying that "recent disclosures indicate that, if anything, we have been grossly underestimating the prevalence of corporate crime in our society." He observes that when businessmen plead, "we just did what everyone else is doing," they actually encourage public cynicism.

People, Naderites charge, are swamped with evidence of deception and faulty products. Tens of thousands of Californians have recently received official forms inviting them to apply for refunds of hundreds of dollars each from drug and food manufacturers who overcharged them over several years in a price-fixing. Exposed in the courts, the companies must return the money. The resounding crash of C. Arnholt Smith's First National Bank in San Diego, the Equity Funding scandal, and a score of other examples of "imaginative accounting," falsified company reports, and so forth, give further ammunition to the critics.

W. Michael Blumenthal, president of the Bendix conglomerate, urges businessmen to set their own house in order by creating an association along the lines of the AIAA, or the American Society of Architects, dedicated to refining and maintaining ethical standards. "Such a group," he says, "would not defend business, right or wrong; rather it would focus on devising new codes to which all would be expected to subscribe."

When every suggestion of corporate wrongdoing, every proposal for change, is treated as an attack on the whole free enterprise system, confusion results. An entirely new, frankly moral, approach is needed—beginning with business taking a long, hard look at itself.

The most stalwart friends of the business world in politics are joining the chorus. Warning of "painful changes ahead," Senator Barry Goldwater, prophet of the Right, says that businessmen have "the fight of their life" on their hands as a youthful, "idealistic," Democrat-dominated Congress takes America down the road to regimentation, more taxes, greater controls, and—dread word—nationalisation. "We can save free enterprise," he says, "but the hour is late, and growing later every minute."

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## Our aim is to avoid emergencies

SAYS ROBERT ALLEN, DIRECTOR OF CUSTOMER ENGINEERING, SPERRY UNIVAC UK

All machinery needs constant attention, and Robert Allen has just been appointed Director of Customer Engineering for Sperry Univac UK. Freelance journalist Donald Legge spoke to him about his company's commitment in this area.

**Legge:** Engineering support is one of the unsung areas of computing, so how exactly do you see your role?

**Allen:** Broadly, our aim is to ensure that every customer should get the maximum use out of his machine. This means carrying out routine maintenance at a time convenient to him, and doing everything we can to avoid emergency situations.

**Legge:** How is Sperry Univac's engineering division organised to do this?

**Allen:** It's in two parts really, of which the first is the front line of customer engineers who are constantly in touch with our customers. It is their job to carry out routine maintenance and to build up the basis of trust between ourselves and our users which is of great importance to a jointly successful installation.

**Legge:** And the second part?

**Allen:** That's the support function—our back-up if you like. We don't hesitate to bring them in when it is necessary, but I'd rather they were completely invisible, like an expensive insurance policy rather than a committed part of our operation.

**Legge:** How far does this support function extend?

**Allen:** As far as necessary in as much as there's no question of us not being able to solve a particular problem. Logistically though, our front line engineers are based at nine branch offices. Behind them we have the National group, with an office each at London and Manchester, and after them comes our European group. This is split fifty-fifty between London and Germany and includes a number of engineers from the US as well as from Europe.

**Legge:** Supposing all this should be insufficient?

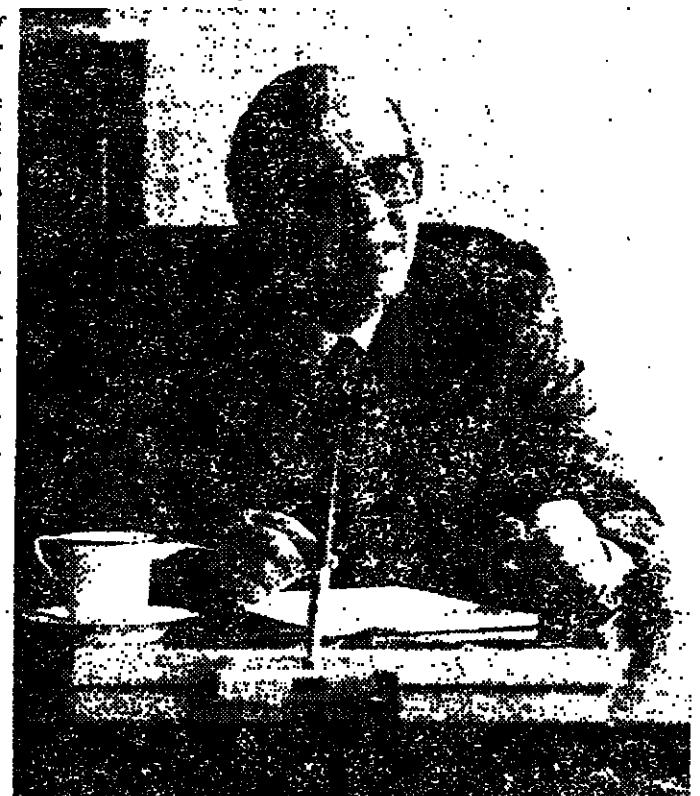
**Allen:** Then we can call on the worldwide group which is based in the US.

**Legge:** How quickly can this group be brought into action?

**Allen:** Within 24 hours of recognising the need for their expertise—or as quickly as we can get them on a plane, which would normally be within that time limit.

**Legge:** Is all this service covered by the normal maintenance contract?

**Allen:** Oh yes, and we haven't had one that's beaten us yet. There's



never been any question of us not being willing to effect any repairs, regardless of cost.

**Legge:** Most data processing managers would agree that customer engineers are a particularly important link between their companies and their supplier. What special training does Sperry Univac provide?

**Allen:** The training really starts with the selection process. Engineers have to be carefully chosen because they're the people who will be meeting the customer under what are potentially the worst possible conditions. They'd be no good if they couldn't work calmly under pressure.

**Legge:** And after selection?

**Allen:** In their first phase with us they receive about 26 weeks of formal training, interspersed with work on site with more senior engineers. After that they receive an average of about four weeks further training each year to introduce them to new equipment and so on. And we have refresher courses.

but nobody would be able to afford it. Again, our engineering resources are not only employed correcting poor system performance. At least 90 per cent of their time is used in purely preventative work. We have a common aim with our customers in that we want nothing to go wrong, so if we can catch it before it happens...

**Legge:** Does the customer have to provide anything for the visiting engineers?

**Allen:** Only what he needs to do his work, and at a large installation this will probably mean a small room where spares and manuals can be stored, together with a telephone and a desk for the inevitable paper work. The smaller user need only supply storage space and access to a phone and desk.

**Legge:** Is there anything unique about Sperry Univac's engineering division?

**Allen:** Well... We like to think we're better than anyone else, of course, but that's purely subjective. You see, the point about engineers is that they do what you don't want to do. The more straightforward—conservative if you like—the approach is, then the more reliable it is likely to be. The only engineers you hear about are the ones involved when things go wrong, so what we want to hear is a vast silence!

**Legge:** What about testing the machine before it is delivered?

**Allen:** This starts with statistical batch testing of the components before construction. Afterwards the computer is factory tested, and then we run it for a few days on site before handing it over. All these tests are designed first to cope with immediate failures—which are much more newsworthy than slow state currency—and then to increase reliability in the field.

**Legge:** What about your plans for the future?

**Allen:** Obviously our field staff will continue to grow along with our customer base, and I would like to see these front-liners becoming even more self-sufficient. With this, combined with the ever increasing reliability of our computers, our back up support will be called on less and less with a consequent growth in customer confidence. If he has that confidence it means we are doing our job properly, and, more importantly, it means he can get on with his.

Further details of Sperry Univac computer systems can be obtained from: The Publicity Department, Sperry Univac, Univac House, 160 Euston Road, London NW1 2DR.

Or please telephone: 01-387 0911.



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TUESDAY, JUNE 17, 1975

## Credibility at stake

THE GOVERNMENT'S plain economic task now—one which the weakness of the exchange rate has made particularly urgent—is to get inflation under control quickly, not at the leisurely pace which at present seems to be the limit of official hope but at one much closer to that already achieved by our main industrial competitors. This primarily means, in present circumstances, bringing the average level of wage settlements quickly and sharply down from their present level, especially in the public sector.

The Government clearly hopes that it will be possible to achieve something by consent. But the situation with which it is faced at present demonstrates that such hopes deserve only a small weight in its calculations. The original social contract was, as we emphasised at the time, excessively generous in the scope it provided for wage increases. On top of that, as it was not difficult to foresee, the guidelines laid down by the TUC were overlooked or ignored in a sufficient number of cases for the average rise in wages to become considerably faster than the rise in the index of retail prices.

## Rail threat

The search is now on, therefore, for a more realistic set of guidelines which will be more widely observed, and Mr. Jack Jones has suggested that there should be a single rate level of wage increase during the next stage of incomes policy. If anyone doubts the difficulties which will be encountered inside the TUC itself in agreeing on any simple, single proposal of this kind, they have only to look at the situation which has arisen on the railways, mainly because of the conflicting interests of the National Union of Railwaymen and the two other unions.

This situation has arisen out of Social Contract Mark I, even before serious discussion of Mark II has got under way. It is not to be resolved simply by allowing the Railways Board scope to negotiate a fraction

more on this or that than the Tribunal recommended in its report. The NUR is pressing for an increase in the basic rate which would add very heavily to the cost of the Tribunal's award, not least by provoking consequential claims from the other railway unions. At the same time, also under Social Contract Mark I, the local authority workers are threatening industrial action if their exceedingly large claim is not met.

## Public spending

They are also threatening, it is interesting to note, to regard the social contract as defunct if the Government goes ahead with cuts in public expenditure. But substantial cuts in public expenditure will inevitably have to be made, and the Government's readiness to see the social contract repudiated by NALGO can only be strengthened by the reflection that its results have been much less than was originally hoped for. The same point needs to be borne in mind when considering Mark II. The Government's aim—presumably the most it can hope to attain with trade union approval—is as far short of the need as it was before. Moreover, there is no reason to suppose that actual achievement will not, as before, fall well short of the aim. The dispute inside the TUC about wage restraint became still more bitter yesterday, when Mr. Scanlon gave a public airing to his views, and the outlook for a voluntary agreement of real value is not promising.

Slackening demand is already having its effect on wage settlements in the private sector, and the best incomes policy which the Government can adopt at present is to lay down cash ceilings for expenditure in different branches of the public sector which will have a similar effect there. Mr. Healey has already admitted that the Government would destroy its credibility if it allowed railwaymen to settle far above the arbitration figure. The exchange markets will take this declaration seriously.

William Dullforce examines one government's intervention in the crisis-hit world tanker market

## An uncharted change of course for Norway's merchant fleet

Mr. Hilmar Reksten, the 77-year-old Norwegian shipping millionaire, whose financial troubles are having such wide repercussions in banking and shipbuilding these days, is a great admirer of the British. "I wanted to be so strong that I meant something in the world, most of all perhaps in Britain," he said last week, when breaking his habitual seclusion, he explained in interviews with Norwegian television and the Oslo daily, *Aften-Posten*, the motives which had led him to build up his tanker and financial empire.

Asked by an interviewer which he admired most of the nations his world-wide operations had brought him into contact with, Mr. Reksten singled out Britain. The 4m. Norwegians have a merchant fleet of 44m. d.w. tons, the fourth largest in the world. For decades it has been the country's main currency earner. The shipowners have also epitomised the spirit of private enterprise—sturdy, independent, self-sufficient risk-takers operating on an international scale.

## At the centre of the debate

It would be tempting to draw a parallel between the current financial tribulations of the shipping magnate and of the nation he admires. Both might be said to stem from adherence to old-fashioned business attitudes—in Mr. Reksten's case those of the merchant adventurer, who takes all the decisions himself and does not spread his risks. But in the interviews, which gave no insight at all into his present financial standing, Mr. Reksten made one remark which was far more relevant to the future of business both in his own country and in Britain.

He believed, he said, in State participation in private industry. It was unavoidable in our time, he said, that a mixture of both State and private capital, combining political insight with the experience of private business.

Coming from a man accustomed to having to take almost all the moment decisions on deals involving several million pounds, Mr. Reksten's recognition of State involvement had something of the pathos of the gladiator's last salute. It also had a more topical relevance, as the Norwegian Labour Government last week moved to buy up his shareholdings in companies outside his own in order to help supply the cash which would enable him to meet the claims against him from the Aker shipbuilding group, bankers and other creditors.

Mr. Reksten's statement and the Government purchase of his shares puts the Norwegian tanker crisis at the centre of the current debate in Norway about the future relationship between the State and private industry. This debate was precipitated by the discovery of North Sea oil and gas and the power the oil income gives the Government to buy control of economically strategic enterprises. It parallels the debate in Britain, but in

one sense is sharper in that the private industries involved in the present crisis are modern, efficient and dynamic.

The laid-up vessels have no income (except for a few laid up at the charterer's request). They cost their owners maintenance expenses, wages for depleted crews, and loan and interest payments which vary greatly from ship to ship. Their current market value is far below their original cost and offers little security for raising new loans.

Tankers account for over half the Norwegian merchant fleet at some 23m. d.w. tons, which is also a sizeable chunk of the world total of roughly 250m. tons. At present 97 ships, totalling 10.5m. d.w. tons or 24 per cent of the total Norwegian fleet, are laid up. These include 77 tankers, which in tonnage make up nearly 36 per cent of the tanker fleet. The Reksten tankers, some 3m. d.w. tons, are all idle.

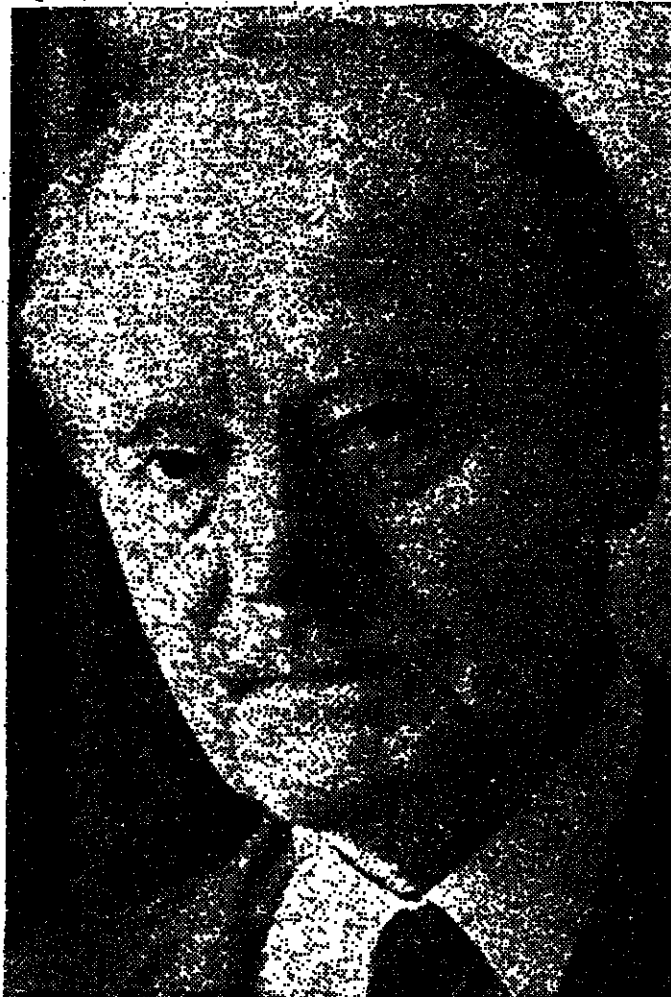
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## Cancelled orders.

The Norwegian shipowners' association estimates that its members have cancelled—or are in the process of negotiating the cancellation of—orders for the building of new tankers totalling 9m. d.w.t. which were due for delivery in 1977 and 1978. At a rough estimate, these orders are worth something over £700m. At the end of 1973 Norwegian shipping companies had a total foreign debt of around Kr.22bn. (£1.9bn.) and assets of approximately Kr.11bn. (£950m.) available in banks and advance payments.

The impact of the crisis is by no means uniform. Worst hit are the tanker owners like Mr. Reksten, who operated on short-time charters, creaming off the high rates obtainable at the top of the market, when demand for tankers was high, as it was in the middle of 1973. The companies operating mixed fleets of tankers, liners and specialised product carriers are still earning reasonable profits, despite the rise in costs and the easing of dry-cargo freight rates.

The Shipowners' Association calculates that 80 per cent of the tanker fleet will be chartered for at least one year ahead on July 1 and that 50 per cent will still be on charter a year later, on July 1, 1976. This may suggest that the tanker depression has hit the bottom, but, unfortunately, the figures do not



Mr. Hilmar Reksten the Norwegian shipping magnate whose shareholdings in companies other than his own are to be bought up by the Government in a bid to ease the crisis. The table shows the sharp reversal in the fortunes of Norway's merchant fleet.

## NORWAY'S MERCHANT FLEET: THE PROFIT AND LOSS ACCOUNT (m.Kr.)

	1974	1975
Gross Freight Income	20,450	18,435
Foreign Currency Expenses	-2,005	-2,005
Net Currency Income	18,445	16,430
Expenses in Kroner	-7,382	-7,750
Shipping Earnings	4,263	1,250
Difference Between Export and Import of Ships	-326	-3,075
Merchant Fleet Surplus/Deficit	+3,437	-1,825

\* Finance Ministry forecasts.

even if with some *schadenfreude*, but last week it appointed a committee to advise on ways of preventing Norwegian ships being sold at knock-down prices to foreign owners. And it is expected to meet the shipowners' request for credit backing.

To cope with this situation, the Shipowners' Association asked the Government to change its rules and to allow the Norwegian ship mortgage institutions to advance loans on vessels being built in foreign yards for Norwegian owners. The call for Government help hurt the shipowners' pride and led to a heated argument last week at the Association's full Board meeting, when suggestions for moth-balling tankers at common expense were made. The Government has acted reluctantly,

## Maintaining employment

Explaining their decision to buy Reksten Company shares, Labour ministers emphasised that they were not interested in rescuing Mr. Reksten or any other shipowner. The Reksten deal was aimed at maintaining employment in the Aker shipbuilding yards, which have suffered 11 cancellations over

the past nine months, six of which by Mr. Reksten's group, who needs cash to pay Aker compensation. The share purchase also enabled the Government to acquire holdings in companies in which it has a special interest, such as Norsk Hydro, the Spitzbergen Coal Company and Høyer-Ellesøen (the contractors engaged in building the Condeep offshore production platforms).

## No longer so essential

The Government's relationship with the Aker group, which dominates Norwegian shipbuilding, is especially interesting. It has not hesitated to help Aker overcome its cash problems, even though the majority holding in the concern belongs to shipowner Fred Olsen, and it has so far not sought any greater control over the group. Senior officials underline the Government's appreciation of the efficiency and technical capability of Aker, which has taken it over the past three years to the front of offshore production and equipment technology. Aker has designed and marketed its own semi-submersible drilling platforms, which are being built under licence in foreign yards as well as in its own, and forms part of the team building the Condeep platforms. The Government, therefore, regards Aker as strategic to the development of the Norwegian oil industry.

The Aker management has a somewhat more complex attitude to this Government interest, blaming the Government for at least part of its present troubles. Earlier this year, Mr. Onarheim, the group chairman and former managing director, pounded the table and swore that he would never have invested Kr.150m. (£13m.) in Aker's new offshore platform yard at Verdal had he known how sharply the Government would brake offshore development.

The Government has, admittedly, so far dealt only with Aker's short-term problems. It has not seriously considered what it will do if the group fails to get new orders for either ships or platforms to keep its yards busy after the first few months of next year, when current orders start running out. If the Government has to put up cash instead of the credit guarantees it has so far given there will be pressure from its left-wing for it to take an equity holding, with uproar from the non-Socialist Opposition if it bows to this pressure. The relationship with shipbuilding is more clear cut: the Government wants to limit its involvement while the shipowners want to maintain the independence to operate on an international scale. But North Sea oil is replacing shipping as the country's main foreign

## Streaming to Oslo

Twenty years ago the current difficulties of Norwegian shipping would have seemed catastrophic for the Norwegian economy. This year the Government can plan to run a Kr.103 bn. (£910m.) deficit on the current account (at 7 per cent of GNP, in the same range as the British deficit) and to meet it by borrowing Kr.4bn. abroad and guaranteeing company and institutional borrowing up to another Kr.1bn. So high is Norway's credit rating, based on the expected oil revenue, that bankers have been streaming to Oslo with loan offers.

In Oslo shipping circles the prevailing mood is gloomy but many believe the crisis could be weathered. If the world economy moves into a recovery phase this autumn, with a little Government aid, the immediate liquidity problems of most companies could be covered. Nevertheless, Norwegian shipping will probably never be quite the same again. Mr. Reksten has already indicated that the days in which a shipowner would stake the enormous capital of a tanker fleet on the spot market are over. Some restructuring, especially among the smaller owners, would seem to be inevitable. And almost certainly there will be more joint management operations. But, if the crisis is prolonged, not only will there be some failures among shipowners but the Norwegian Government will find itself more deeply involved than it will like and be confronted with a tangle of political dilemmas.

## Japan in a world of recession

THE UPSWING in the world's major economies is proving much more elusive than was being predicted even a few weeks ago. Recent economic indicators in the U.S., West Germany and Japan have all produced a flicker of optimism only to be belied by others proving that the recession continues. Equally, successive reflationary packages have so far failed to have the desired effect. The latest example is Japan where the Government yesterday announced its third set of economic measures since February and where one of the leading banks is now predicting another year of zero growth—against a Government forecast of over 4 per cent.

## Import fall

The new Japanese package is designed to release the equivalent of about 1 per cent of GNP mainly to stimulate the housing programme and is accompanied by a call for lower interest rates. This is a sizeable sum by any standards, but it has already been criticised as inadequate by the Minister for International Trade and Industry, Mr. Komoto. The criticism itself is indicative of internal self-doubts as the conventional measures fail to produce the expected results.

Even more striking are the May trade figures which were also announced yesterday. These show that exports were down 5 per cent in value terms and down 5 per cent in volume terms. Imports were down by 15 per cent in value terms, although there was an overall payments deficit of only \$390m., compared to over \$1bn. in May last year, the figures suggest that the turn round is due largely to import shrinkage caused by the domestic recession. Exports, meanwhile, continue to be hampered by the recession in the other major economies—

affecting such staples as cars, ships and steel, and perhaps by foreign currency difficulties in some of the Asian countries.

The message here is that the Japanese have done well in overcoming their deficit, but only within the limits imposed by the level of world trade. It is much the same with inflation where the figures show an equally dramatic improvement, but again probably because of the low level of demand. Average wage settlements in the so-called "spring offensive" this year were a little over 13 per cent, against nearly 33 per cent in 1974. Consumer prices last November were up 25 per cent on a year before, by March the year on year increase was down to 14 per cent. Yet there is no doubt a great deal of suppressed inflation ready to emerge as soon as the economy begins to recover.

## Bank Rate

It was the desire to reduce the rate of inflation still further which led the authorities until recently to maintain their tight monetary policy. This has now been relaxed. The half-point cut in Bank Rate in April was the first for more than a year, despite widespread cuts elsewhere, and yesterday's package of measures surely signals another. Yet the danger now is that, having decided to go for a more relaxed policy, the authorities will become impatient at the absence of quick results. This has been the temptation in West Germany too where the reflationary policy started much earlier and where industrial production is still well down on a year ago and even slightly down on the early months of 1975. It is a particular temptation for governments facing the next round of elections: to succumb to it, however, must increase the chances that the next boom will be even more inflationary than the last.

## MEN AND MATTERS

## Another possible for the Spectator

"We like the thought of selling it," says Harry Creighton, but he wishes that one out of the apparent procession of possible buyers of his radical Tory magazine the *Spectator* would put their intention in writing. The enterprise is hardly one for the wholly investment-minded, the magazine having failed to turn in a profit for some 40 years, according to Creighton, who says the current situation is "as bad as ever."

At least a dozen people appear to have talked over the idea of relieving Creighton of his eight-year-old burden for which he paid Conservative MP Ian Gilmour £74,000 eight years ago. Names mentioned over the past couple of years include Sir William Barnetson, chairman of United Newspapers which now distributes the magazine, and Jim Slater, the City financier.

Now a new one: Henry Keswick, 37, of the Jardine Matheson trading group, who after five years as managing director of the master company in Hong Kong followed an established Jardine career pattern by returning to run the London end. A quiet job, presumably, leaving time to develop the sort of political interest that could suit the *Spectator*.

So far, Creighton claims that Keswick has "expressed an interest" but no offer has been made. If one should, Creighton is unsure yet whether he would stay involved (he also runs a Halifax-based engineering business). Some consolation for Creighton was the sale last month of the magazine's London office in Gower Street to an insurance company for around £160,000.



## Top public jobs build up

The list of heavyweight public sector management jobs which need to be filled in the near future grows no shorter. The Government's plans for the airframe makers, the ports and the North Sea all require at least one big appointment—the British National Oil Corporation will need two. Then there is the chairmanship of British Leyland, which at the time of the Ryder Report publication looked likely to be filled within a few weeks.

But, with the letter to British Leyland shareholders going out this week over Lord Stokes's name, it seems inevitable that he will also be the man in charge at the vital shareholders' meeting on July 14. After that, who knows? For Stokes is still heard to say that he has not decided yet whether to take the offered post of president, while another school of thought sug-

gests that, with Alex Park's tie-fied with his remit, involving full powers and close reporting at the moment to the newly ennobled Sir Don Ryder, there is no great rush to move Stokes from the chairmanship anyway. The loyalty which Ryder has lately displayed when British Leyland management is being criticised adds to this impression.

Some old and predictable names have been mentioned for British Leyland, the less obvious ones being Sir St. John Elstun, chairman of Imperial Metal Industries, and Harry Urwin, assistant general secretary of the transport workers union. Perhaps, at the last, there will be some genuine surprises.

## Riklis's

## Scotch sale

The intended disposal of Long John International is a small local pointer to the problems of the flamboyant Meshulam Riklis, 51, chairman of the Rapid-American Corporation which controls the Scotch distiller through its Scheele Industries offshoot.

Rapid runs a \$3bn. conglomerate of companies which until recently included Playtex. Riklis himself was born in Turkey, brought up in Israel, and went to the U.S. in 1947. He created Rapid from a printing concern in which he put \$25,000 some 20 years ago.

Riklis is also chairman of the McCrory Corporation, 63 per cent owned by Rapid and mostly in clothing manufacture and stores. Outside the public businesses, he has personal stakes in a spread of firms from real estate to a Boston-based travel company. This last is not conspicuously profitable, but Riklis hoped to turn it round with the injection of a money-spinning asset in the shape of a Las Vegas hotel and casino, the Riviera.

He owns some 25 per cent of Rapid-American. Last year he had added some 300,000 shares bought from the General Motors conglomerate in exchange for a 27 per cent stake. He had begun to build up his shareholding at a time when Tom Whittle's Triumph Investment Trust was attempting (eventually fruitlessly) to bid for G.H. Whatever Wall Street's gloomy view of Rapid (shares currently 86 against a \$524 peak). Riklis's earnings there, at \$612,000, has made him among America's 15 highest paid executives.

## Saved

Would it improve efficiency—it would certainly be more fun—if companies were ruled about each other in public? Marconi Communications Systems, part of GEC, has been put on the spot because three 10,000 gallon oil storage tanks, a tiny part of a \$4m. order Marconi won from Libya, aren't ready.

They were ordered last December, from what is called a national name tank maker, to be shipped from Felixstowe on June 21. On June 10 the manufacturer said it could not meet the delivery date. Marconi, angry though it is, won't name names, although it is pleased to talk about a less than national name, Cookson and Zinn of Hadleigh, Suffolk, which has promised that the original seven month order will now be completed in nine days.

## Hard sell

There is no subtle sales talk about bouquet, body, character or vintage from the wine growers co-operative in the Béziers district of Languedoc Roussillon. Their slogan is simple and to the point: "L'eau est polie—buvez du vin."

Observer

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## SOCIETY TO-DAY: PENAL REFORM

BY JOE ROGALY

## Prisoners of indecision

LIKE JUST about everything else in Britain to-day, our prisons are hopelessly overmanned. Only last week Dr. Shirley Summerskill, Parliamentary Under-Secretary of State at the Home Office, announced that the total prison population in England and Wales is very close to its previous peak of 40,470. It is expected to pass this peak and establish a new record during the busy summer months.

Some custodial institutions are more overcrowded than others. Junior detention centres are so full that some young transgressors are sent to prison cells, or back into the streets, because there is no room for them. Dr. Summerskill has appealed to magistrates to ring up and ask if there is a vacancy before ordering a young boy—crime is still essentially a male pursuit—to spend time in a detention centre.

Wormwood Scrubs is so unpleasant that it must be regarded as a standing indictment of the "civilised society" that the Home Secretary, Mr. Roy Jenkins, is so anxious to create. I do not assert this as a sophisticated defender of prisoners (for in certain cases I would like to see the keys thrown away), but simply on the ground that in the Scrubs all offenders, from the youngest to the oldest, from the boy who might have

serving 18 months and one serving half that lay on their bunks. We measured the cell roughly, counting floor-tiles: it seemed to be about 14 feet by 8 feet. There is just room enough for the three bunks (one upper, two at ground level) and the washstand and toilet bucket near the door. It was stifling, in the heat wave. The radio was playing; the youths were reading. They can be kept locked in there for as much as 20 hours out of the 24, eating in the cell.

## Workshop

"It's the overcrowding," I was told. "A year or two ago we unlocked the cell in the morning and they wandered around until we let them in at night." On the day of my visit there were 143 young prisoners (all under 21) in part of "B" wing purpose-built for 72. There are about 40 jobs available for the inmates in a prison workshop, which means that 100 of them languish in their cells. There are 438 young men in the whole of "B" wing. Many of them are simply awaiting sentence. Others have been allocated to Borstals or prisons, but must wait for vacancies in the institutions to which they have been designated.

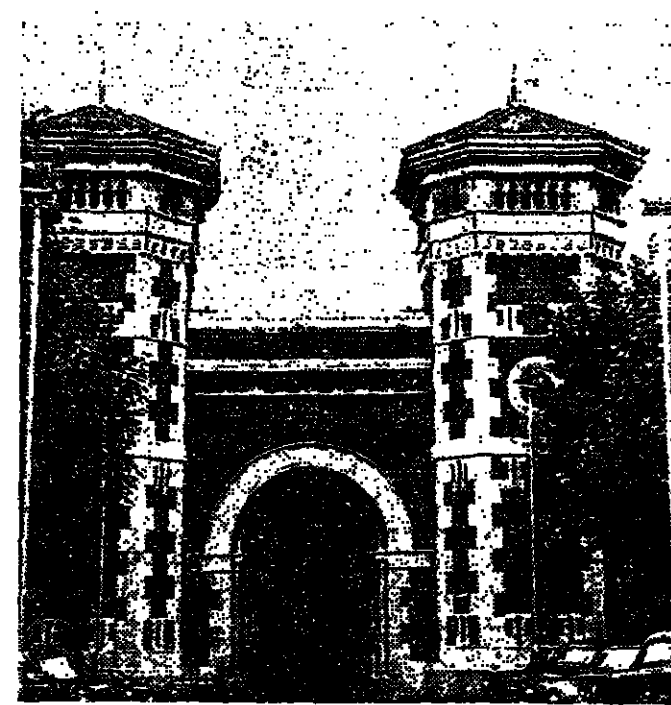
In "C" wing at Wormwood Scrubs, where there are 300 cells and 600 prisoners, there should be 350 jobs to keep at least some of the men from full days and nights in their cells. With staff shortages, the number who actually go to work (painting faces on Mickey Mouse toys, perhaps) is down to less than 200. So 400 languish with just two or three hours out of their cell on some days.

These are convicted men waiting for a place in one of the "training" prisons. The wait can be so long—six months or a year or more—that some men serve their whole sentence in the Scrubs, where conditions are not remotely related to even conservative notions of modern penal practice.

The picture is as bad in "A" wing, where newly-convicted adults are classified and allocated, ostensibly on the basis of a judicious assessment of the offence, the personality of the man, the medical officer's report, the home circumstances, and his aptitude for work—but in practice also on the basis of the allocating officer's shrewd sense of which type of prisoner, and which prison has vacancies. The intention is benevolent: the outcome, in a time of severe pressure on accommodation, is not only arbitrary but quite possibly unjust, since a man can serve a considerable length of time in three-to-a-cell quasi-punishment conditions even though his offence may not be anything like the type for which society might wish such an unpleasant fate upon him.

## Makeshift

Far better, in the Scrubs, to be a long-term prisoner. In D wing, where these men are kept in conditions like those of "training" prisons elsewhere, everyone has a job: there are showers, and meals out in a makeshift "dining room." Every man has his own cell with a good chance of being out of it most of the day. They say in the prison service that every cell is unique: the Scrubs is jail is unique: the Scrubs is



Wormwood Scrubs: four different stories about some of the worst aspects of prisons to-day.

worth some contemplation because its four wings are so different from one another and tell four different stories about some of the worst aspects of prisons to-day.

Down at Kingston Prison, Portsmouth, the men are so much better off that one hesitates to describe it for fear of arousing the wrath of those who insist that "we must not mollify our criminals." The 80 inmates of Kingston are all "domestic livers"—which means that most of them killed or attempted to kill relatives, or close friends, or "an acquaintance, in a brawl. Some are

each channel, an education section in which there are well-equipped workshops for pottery, woodwork, automobile engineering, and pretty much whatever else takes the fancy, a shop, a small kitchen in which they can cook their own concoctions, showers, irons, washing machines—the lot.

In the garden one prisoner was continuing what seemed to be a vocation for landscaping—putting his own ideas into practice. In one cell another man showed his intricate models of farm carts of different types; he also produces excellent silk-screens. Another prisoner was making maps for use in a polytechnic. The men have built a three-storey factory block; two stories are still empty but one is in use in a fairly highly skilled technological job (making battery chargers, and bits for computers) but there is not much outside work about. The intention is for the prisoners to start designing their own products—and I saw several interesting models (half-finished, a battery-sized mains adaptor for transistor radios) on test.

After three-quarters of a century of pressure for penal reform we seem to have reached the stage at which no one has any clear idea of the purpose of the penal system. Do we want to punish people, or rehabilitate them, or simply keep them where they can do no further harm? I suspect that the broad consensus answer would be "it depends on the prisoner and the crime"—and it would certainly be tidier if it could be demonstrated that the vilest criminals in were made to suffer the most, while the inhabitants of, say, Pentonville (most of whom in

"D" wing in Wormwood Scrubs: all three of my lunchtime companions were unanimous in their complaints about the inhumanity of the conditions, which is what "life" is these days.

This brief excursion into some of the best and some of the worst cells in British prisons should be sufficient to show what a muddle we are in. In a hard speech on June 4 Lord Justice Lawton said, "I am convinced that crime will continue to increase as long as the public are bamboozled into thinking that a prime cause of it is bad social conditions and not wickedness." There should be more of the stick and less of the carrot, he explained. But what good does it do punishing the men in Kingston? Their numbers will grow year by year, because there is a steady number of "domestic" crimes, apparently unrelated to punishment. Many inside the prison service believe that most of these men could safely be released—and from the men's point of view (supported by some officers) there is no apparent consistency in the criteria for sentencing or parole.

Those who plan our prison-building programmes have usually failed to forecast the future growth in numbers of crimes or prisoners (now running at about the rate of inflation generally). They could hardly be expected to get categories of prisoners right. They will continue to fail until someone (a reforming Home Secretary like Mr. Jenkins?) stimulates a public debate that would be designed to clear our minds—and thus the minds of the judges—about whom we want to imprison, for how long, in what conditions, and at what cost.

## Killers

The truth is that there is no such logic. Some young offenders are created by social conditions, whatever Justice Lawton may say—although it may be that the conditions that might improve the situation would not be to the taste of left-inclined sociologists. One hardly dares suggest a touch more emphasis on morality in teaching practice—but there, I have done it. Some persistent criminals certainly do seem to be innately wicked—but are these the ones who are kept for the longest periods in the most secure prisons? When it comes to lifetime thugs and killers I am on the side of those who would keep them incarcerated even at the risk of damage to their personalities—but in some cases of theft or fraud or homosexual offences the effective punishment (in a prison like Wormwood Scrubs) seems out of proportion to the crime.

Those who plan our prison-building programmes have usually failed to forecast the future growth in numbers of crimes or prisoners (now running at about the rate of inflation generally). They could hardly be expected to get categories of prisoners right. They will continue to fail until someone (a reforming Home Secretary like Mr. Jenkins?) stimulates a public debate that would be designed to clear our minds—and thus the minds of the judges—about whom we want to imprison, for how long, in what conditions, and at what cost.

## Letters to the Editor

## NUR not greedy for new money

From The General Secretary, The National Union of Railmen.

Sir—The social contract, battered though it may be, was not simply an attempt at an understanding between the TUC and the Labour Government. It was also, or should have been, a tacit agreement between unions and groups that advantages would not be demanded and that reasonable and fair treatment be accorded to everybody—including the retired.

We supported the idea because we felt that the election of the Labour Government was a desirable end to the trade unions' campaign to try to ensure some kind of social justice, and common sense. It was plain that economic difficulties would put any such understanding under great strain. We realised that we should find ourselves in greater need for plausible argument as the threatened economic and financial crisis deepened.

It was against this background that we stated time after time, to the employers and to the Tribunal, that we were not seeking advantage, or improvement over others; indeed, we actually accepted a situation where our members were paid less than others, not doing any specially onerous or important work. What we modestly insisted on was that they should not fall back. Simply and starkly stated, if we accepted the Tribunal's award we would be falling back substantially.

May I draw attention to the fact that whereas the railman's new money element of the proposed increase would be only £2.85 a week, the householder's worker has already had £4.90 more, the postman £6.30 more, the labourer in electricity supply, £6.30 more, the London dockworker, £7.75 more, the house engineer, £7.75 more, the house doctor, £8.21 more and the police constable £10.31 more.

I cannot think that people in general will believe that we are being greedy or making excessive demands if they read these comparisons.

S. Weighell, Unity House, Euxton Road, NW1 2BL.

## Underground output

From The Director of Public Relations, National Coal Board.

Sir—James Ensor, in his article, "Britain's overmanned State Industries" (June 10) draws some dogmatic conclusions from what he admits are crude statistics comparing the productivity of British coal-mining is less than a third of the German level, and substantially below the French level. This is not a true reflection of the position for a number of reasons, of which three examples are sufficient to make my point:

Taking 1973 (the year selected by Mr. Ensor), the output per man-shift of underground workers was—

Germany	4,321
United Kingdom	3,583
France	2,767
Belgium	2,555

The majority of British coal production is concentrated in the high-productivity Midlands and Yorkshire coalfields, and the proportion will increase further over the years ahead. In these two coalfields, the underground output per man-shift in 1973 was 4,306 kg—slightly higher than the German average.

Turnover figures quoted for

the U.K. coal industry relate to the 1972-73 financial year, in which the total output of coal was 27.50. For the same period, the average cost of French coal was £10.60 per tonne.

Further points could also be made, but the above are sufficient to illustrate the need to refrain from making international performance comparisons purely on the basis of a single financial indicator.

While we are prepared to acknowledge that all countries have hidden talents, we are mystified to read of a Luxembourg mining industry employing 23,900 people. No trace of any Luxembourg coal mining can be found in the statistical publications of the EEC. In fact, the firm Eschweiler Bergwerks-Verein is a German mining enterprise with production in the Ruhr and Aachen coalfields, though it was described in Mr. Ensor's league table as a Luxembourg company.

Geoffrey Kirk, Grosvenor Place, S.W.1.

## Electricity efficiency

From The Chairman, South of Scotland Electricity Board.

Sir—James Ensor's article of June 10 draws important conclusions from a league listing output per employee in a number of companies and undertakings in EEC countries. His arithmetic produces a figure for SSEB (the South of Scotland Electricity Board) of £12.174 in 1973 and compares this with, among others, the German utilities VEW (£40.587) and RWE (£22.381).

I am afraid Mr. Ensor has oversimplified the issue that his results have little meaning. The fact that there is a difference of more than a factor of two between the two German utilities RWE and VEW, might have alerted him to the possibility that there is a difference of more than a factor of two between the two German utilities.

Whereas SSEB generates virtually all its requirements and distributes and sells electricity direct to all consumers in its area, VEW supplies large quantities of electricity to bulk supply points for distribution by other undertakings. Furthermore, VEW buys substantial quantities of electricity from industrial power stations which it does not own or operate. Both of these differences directly reduce man-power requirements in relation to turnover. Rather similar considerations apply to RWE but to a different degree.

Generation arrangements between the two Scottish electricity Boards provide for the location and operation of generating plant in the most economic manner overall. This at present results in a substantial export of electricity from SSEB to the North of Scotland Board but because of the financial arrangements between the Boards the income from the export appears in SSEB accounts as a reduction in costs and not as an increase in turnover.

We have ourselves made various attempts over the years to establish yardsticks by which to compare our efficiency with that of other electricity undertakings but have found that differences such as those mentioned above make for a good deal of uncertainty in our results. However, our general conclusions are that we compare favourably. By way of example for

the purpose of broad illustration, our turnover per capita would be over £30,000 were we to sell electricity in bulk instead of to individual small consumers.

P. Tombs, Inverleith Avenue, Glasgow.

## Education and industry

From Professor D. Bell.

Sir—I am glad Mr. Parkes mentioned that universities should be two paces ahead of industry (June 12). It is vital that Universities should pursue advanced research and assume this is what education has to do. No-one else can take a sufficiently detached viewpoint to prepare for the needs of industry in the relatively distant future. The minority of graduates who continue with postgraduate work are involved in this and I think their prospects of subsequently fitting into industry depend on a good deal on their temperament and adaptability. Certainly Ph.D.'s from my department are receiving attractive offers from industry.

But the majority, who leave with an honours B.Sc., should be as near industry as possible in practice and half a pace forward in theory. They should be a little ahead in theory, firstly because their education has to provide the basis for a career of some 40 years and secondly because they should be an innovative force in industry. It is difficult to bring them close to industry in practice, but project schemes, which most University technological departments include in the final year of the B.Sc. curriculum, do help with this.

So whatever other institutions may do, Universities are endeavouring to meet both needs of industry for professional personnel—for present activities and for future development—through the different levels of work they undertake.

D. A. Bell, University of Hull, Department of Electronic Engineering, Hull.

## Secrecy and steel plans

From Dr. G. Hallett.

Sir—The chief executive of Clywd County Council says (June 12) that it would be far more economic to develop Shotton steelworks than to concentrate production at Teesside and elsewhere. British Steel Corporation has said that Shotton is irretrievably uneconomic. Who is one to believe?

My basic inclination is to believe BSC, which has no local political axe to grind. But there are no hard facts to go on. Would BSC not have strengthened its case, if it had been prepared to publish (in the sense of being prepared to make available to any interested persons) the detailed basis for its 1973 investment strategy? In my experience at least, the Corporation was extremely secretive on sensitive matters. One argument used by some spokesmen was that the results of the computer analysis were so complex that they could not be expressed in terms understandable to the layman. On that, one can say with confidence that the computer is the last refuge of a scoundrel.

The question is at the moment academic for BSC, since, for the immediate future it is committed to heavy labour-saving investment without being able to save the labour which would have justified the investment. But the chairman of other of nationalised industries, who are reported to be worried about political intervention, might well

consider whether, so long as they remain in industrial and government affairs, they will not always lose to Ministers who—as we have seen on several recent occasions—are prepared to use their position to propagate the most demonstrable falsehoods. A policy of publishing all background information could give powerful support to the commercial operation of nationalised industries which so many distinguished British managers have tried, and failed, to

Graham Hallett, University College, P.O. Box 96, Cardiff.

## Why pay a deposit?

From Mr. P. Tarrant-Willis.

Sir—Lord Denning's remarks about estate agents who steal returnable deposits from prospective buyers should be taken seriously by those engaged in the commercial business of house-selling outside those organisations covering the professional surveyor and valuer. It is proper that the buyer requires a completely independent surveyor, as does the mortgage society a completely independent valuer. The business of selling is carried out as a matter of commercial experience and judgement.

What are the commercial arguments for taking money from the prospective buyer before exchange of contracts when he must irrevocably seal the bargain by paying the seller's solicitor ten per cent. of the agreed price?

A returnable deposit alone does not prove any serious intent or ability to buy. This depends more on the experience and judgement of the agent. Nor does holding a deposit ("subject to contract") justify in commercial terms removing the seller's house from the open market before it is finally sold. On the other hand holding a deposit does mean that the agent need only deduct his fee as a book-keeping exercise rather than having to involve his customer or services rendered. If you do not pay a deposit to an agent, you remove the risk of rogues without losing any commercial effectiveness.

P. Tarrant-Willis, St. Ann's Villas, Royal Crescent, W.11.

## TUC evidence to Plowden

The Secretary, The Economic Department, Trades Union Congress.

Sir—Your news story (June 16) about the TUC's evidence to the Plowden Committee on electricity supply is printed under the heading "Electricity: unions reject TUC participation plans." The story is concerned in part with the way in which the evidence was drawn up.

Your readers should know that the evidence was drawn up at a meeting of the TUC Fuel and Power Industries Committee which includes representatives of all the unions in electricity supply, the Electrical Power Engineers Association was present at the meeting in question.

Regarding the composition of the delegation which is to present oral evidence later this week, it was agreed at the same meeting that to avoid duplication, this delegation would comprise individuals other than those who were giving evidence for their own unions.

D. E. Lea, Congress House, Great Russell Street, W.C.1.

## To-day's Events

## GENERAL

National Economic Development Council meets under chairmanship of Prime Minister.

CBI leaders meet Prime Minister for discussion on Industry Bill, 10 Downing Street.

France's President Giscard d'Estaing begins three-day state visit to Poland.

Mrs. Margaret Thatcher, Opposition Leader, inaugurates Commonwealth Press Union conference, London.

Department of Trade inquiry opens into loss of trawler Trident, Aberdeen.

Lord Chalfont gives lecture "Quality of Life: My Hope for

the Future," St. Lawrence Jewry next Guildhall, E.C.2, at 1.15 p.m.

First Euro-World Machine Tool Exhibition opens, Paris.

Royal Highland Show opens, Edinburgh.

Amalgamated Union of Engineering Workers' conference continues, Hastings.

Confederation of Health Service Employees conference opens, Blackpool.

PARLIAMENTARY BUSINESS

House of Commons: Debate on the Army, Public Service

Vehicles (Arrest of Offenders)

"Quality of Life: My Hope for

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next Guildhall, E.C.2, at 1.15 p.m.

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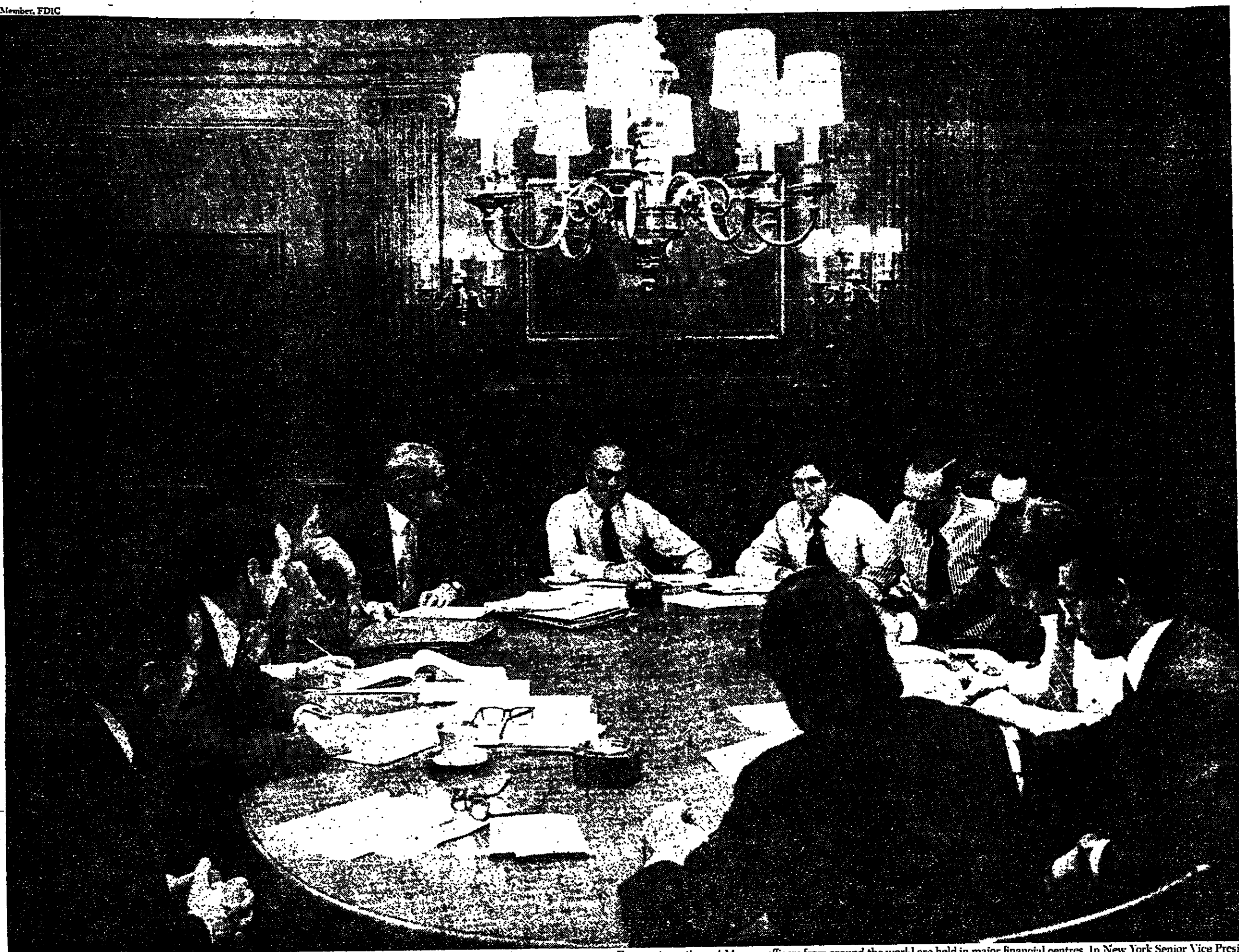
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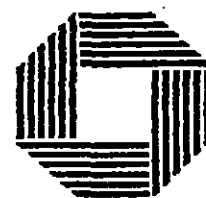
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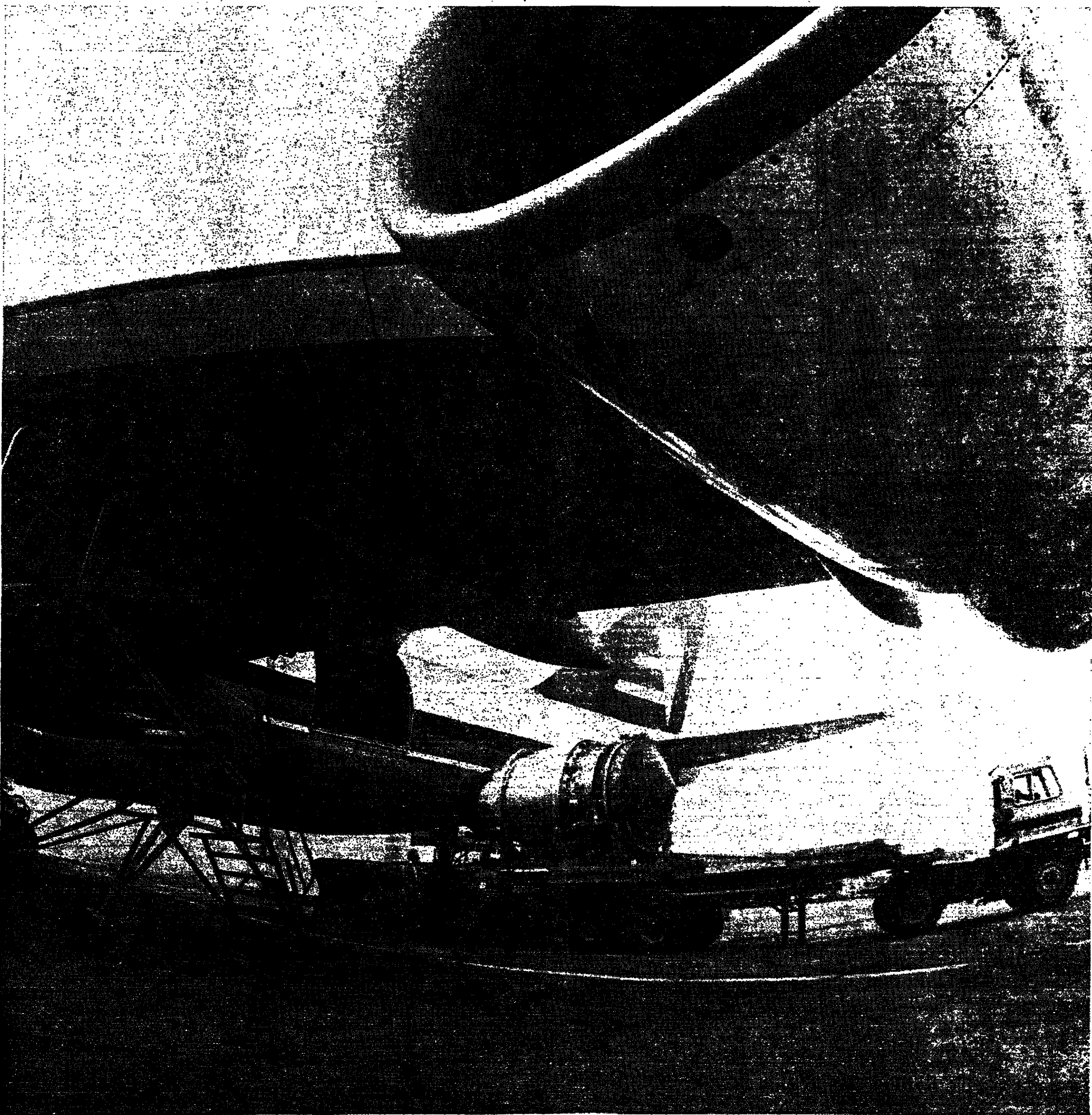
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## APPOINTMENTS

# Executive changes at Lloyds Bank International

Sir Jeremy Morse has been appointed a director and deputy chairman of Lloyds Bank International from July 1 and Mr. Henry A. A. Hankey is to join the Board from that date on. Sir Geoffrey Wallinger and Mr. James Longmore retire from the Board at the end of this month. Sir Jeremy is a deputy chairman of Lloyds Bank and Mr. Hankey was formerly Assistant Under-Secretary of State, Foreign and Commonwealth Office.

Mr. Geoffrey Knight, vice-chairman of British Aircraft Corporation Ltd., has joined the Guinness Peat Group. He has been appointed a director and executive vice-chairman of FENCHURCH INSURANCE HOLDINGS.

Mr. B. E. Swinger has been appointed assistant director-general (administration) of the BRITISH COUNCIL. He succeeds Mr. E. N. Gummer, who retires tomorrow.

Mr. J. D. Midgley has been elected chairman of the Meat and Allied Trades Transport Committee of the ROAD Haulage Association in succession to Mr. T. G. Wilson who is no longer engaged in meat transport.

Mr. David Somerville has been elected chairman of the GALVANIZERS' ASSOCIATION and Mr. H. Stanley Corbett vice-chairman for 1975-76. Mr. A. Thompson has become president in succession to Mr. E. Melvor Wilson, who has been made a vice-president, together with Mr. G. Le Mare and Mr. W. Alan Jenkins.

Mr. G. H. Doust is to relinquish his position as deputy managing director of CHEMURG to devote more time to his private affairs, but he will become director (special duties) of the company from October 1. Group Captain C. R. Cooke is to be sales director from July 1.

Mr. Jonathan A. Bodder has been elected chairman of the BRITISH ASSOCIATION OF HOTEL ACCOUNTANTS.

Mr. Nicholas Brentnall Beard and Mr. John Newman have joined the main Board of ESSENTIAL BORD HOLDINGS.

Mr. A. J. M. Gordon has become a partner in W. N. MIDDLETON AND CO., stockbrokers, and Mr. A. A. Hankey has left the firm. Mr. N. N. Kempster has joined as an associated member.

Mr. Christopher Poulard has been appointed group managing director of R. REED (HOLDINGS) from the beginning of September. The position of chairman and group managing director are at present held by Mr. Bryan C. Reed.

Mr. James Langton, a director of BROWN JENKINSON AND CO. (SHIPPING), has been promoted to the additional post of general manager of that company from July 1.

Mr. Alex Farquharson has been elected president of the INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS.

Mr. M. F. Odling, director of merchandising of ICI FIBRES, has been appointed commercial director of SOUTH AFRICAN NYLON SPINNERS, an associate company of Imperial Chemical Industries, following the retirement of Mr. J. H. Whitehead. Mr. A. M. L. Beck becomes ICI Fibres' merchandising manager with responsibility for domestic textiles as well as apparel. He has been succeeded by Mr. J. H. Hand as sales manager for west knitting, hosiery and thrower business.

Mr. Robert L. Baillieu, a director of the Downey Day merchant banking and finance group, has become a member of the Victoria Promotion Committee.

Mr. P. W. Townsend has been appointed chairman of D. R. JACKSON and Mr. P. A. Gould has joined the Board. The company was recently acquired by Whitcroft.

Mr. David Milne has been appointed to the Board of WILMOT BREEDEN (HOLDINGS) as financial director.

Mr. V. L. Cox has joined the NATIONAL FEDERATION OF BUILDING TRADES EMPLOYERS as director, international affairs, and director of the Joinery and Timber Construction Association.

Mr. Bryan Weston has been appointed a member of the SOUTH WESTERN ELECTRICITY BOARD and continues as the Board's commercial manager.

Mr. R. W. Smith, Mr. A. R. Phillips and Mr. M. J. Hunt have been elected to the Board of ANDERSON FINCH VILLIERS. Mr. S. R. Arnold has resigned from the Board because of commitments on the International Division of J. H. Minet and Company.

GSI INTERNATIONAL has announced a reorganisation of its Midland Bright Group Steel Division, which now comprises Midland Bright Drawn Steel, A. E. Godrich and Son and Hemmings. Mr. A. A. Hankey, previously a director and general manager of Midland Bright Drawn Steel, has been appointed managing director of Midland Bright Group Steel Division. Mr. D. M. Patrick, previously a director and joint general manager of A. E. Godrich and Son, has been appointed divisional secretary, Midland Bright Drawn Steel. Mr. J. E. Bowen, previously works director, has been appointed general manager, A. E. Godrich and Son. Mr. J. S. Cox, previously a director and joint general manager, has been appointed general manager, Hemmings. Mr. W. MacMurray continues as managing director.

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4. Interest.—Interest (less Income Tax) will be paid half-yearly on the 15th April and the 15th October, 1975, and on the 15th April and the 15th October, 1976, and on the 15th April and the 15th October, 1977, and on the 15th April and the 15th October, 1978, and on the 15th April and the 15th October, 1979, and on the 15th April and the 15th October, 1980, and on the 15th April and the 15th October, 1981.

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## FINANCIAL TIMES REPORT

Tuesday June 17 1975

## Microfilm

Microfilm is currently the fastest growing sector of the office equipment industry, with a growth rate of 20 per cent. The main benefits to the user lie in the cost savings and convenience of the system.

## Fighting the paper plague

THE EIGHTH plague is paper—so said an office manager to me last week as he fretted to find more space for another filing cabinet, into which went copies of letters which, according to the recent surveys, cost over £3 each to produce, certainly in the London area. The sweat on his brow came when he struggled to find some information stored several years ago.

Given the escalating costs of paper and of processing and then storing information, it is not surprising that the business world has at last harnessed a type of technology that has been around for a long time—the first micro-photograph was produced in 1839. Now, instead of being a mild curiosity, that technology has matured into what is currently the fastest growing sector of the office equipment market. And Britain is right in the vanguard of the growth trend, at least as far as Europe is concerned, despite the economic difficulties.

The term microfilm refers to the reduction of original documents on to photographic film using one or other of the various microforms like microfiche or microfilm. The microimage appearing on the film can be from one-fifth to 1/22,500th of the size of the original document.

ment. And that is where the bulk of the cost saving comes. It is estimated that by converting paper files on to microfilm a company can save up to 90 per cent. of the space used to file its documents, thus contributing to an impressive rent saving. In addition, retrieval of information can be more efficient and security can be improved, too.

Basically, there are two types of microforms. One is microfiche which can be in 35 mm. or 16 mm. Since the information is in sequence, this form is better for archival records. Because the film role needs to be wound through a reader, either manually or mechanically, the readers are more expensive.

The second form is microfilm (French for a film index card), which is more flexible and allows for easier retrieval. This form accounts for about 70 per cent. of the market. The most common microfilm is a durable sheet of film six inches by four inches and contains about 96 pages of information at a reduction ratio of 24, or 208 pages at a reduction of 42.

## Equipment

The equipment required to run a microfilm system in the office can include a camera to produce microfilm; a supply of micro-photograph was produced in 1839. Now, instead of being a mild curiosity, that technology has matured into what is currently the fastest growing sector of the office equipment market. And Britain is right in the vanguard of the growth trend, at least as far as Europe is concerned, despite the economic difficulties.

To purchase the full gamut of equipment could cost from around £25,000 to over £40,000, depending on the degree of sophistication and size of operation. Naturally prices have tended to rise as part of the inflationary pressures, but it is generally true that equipment costs as well as that of consumables have not risen as fast as the rise in the price of paper—the competitive medium—or as fast as the rate of inflation as measured by the retail price index.

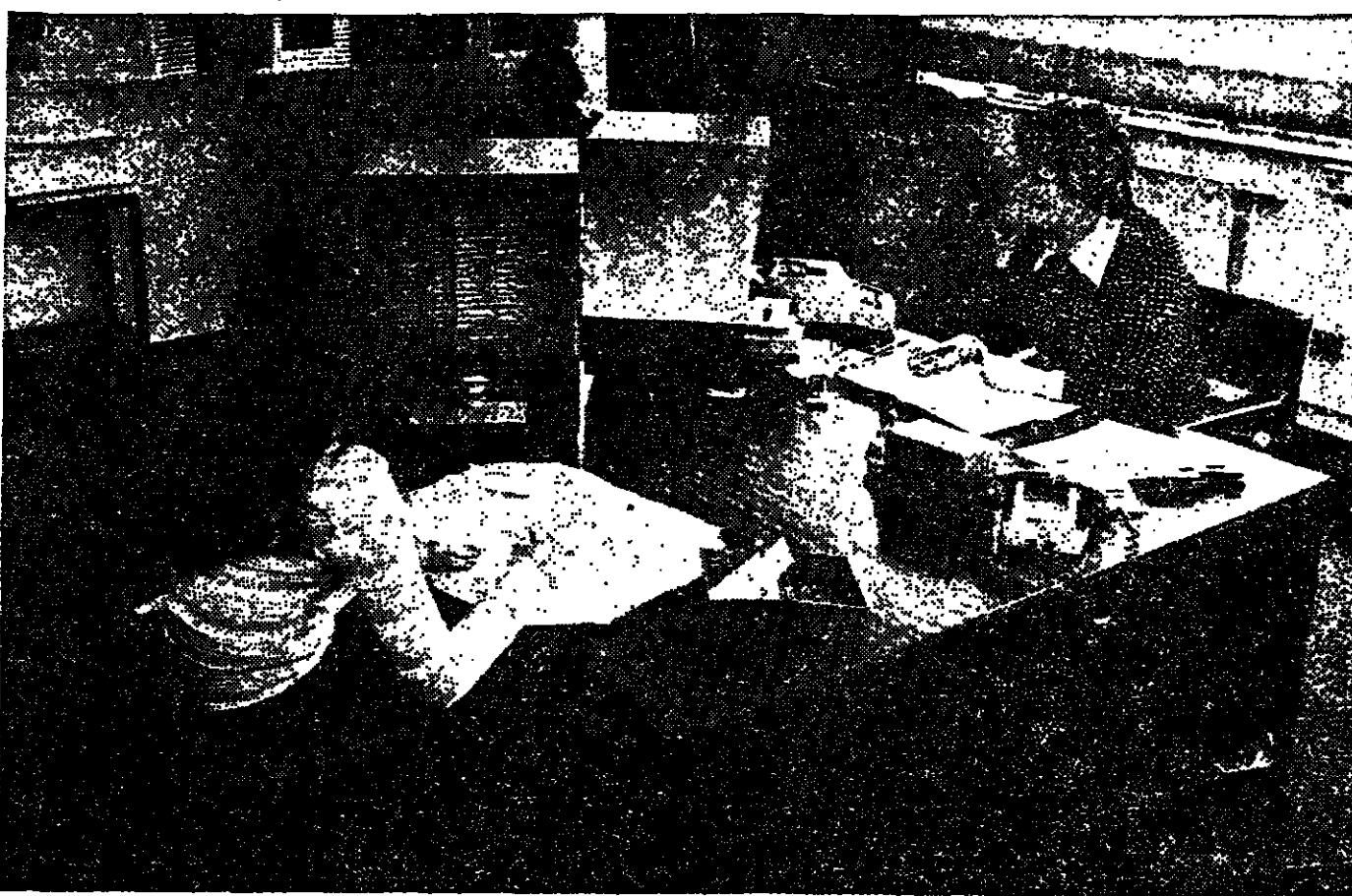
Some equipment has even fallen in price as the expanding market results in lower unit costs of production. This is true for many readers, but is not true for the hard capital equipment like processors. Thus when one hears of an intrinsic growth rate of around 20 per cent, a figure which is generally passed around in the trade, it indicates positive volume from only £12m. to over £20m. a year.

According to a survey by consultants G. G. Baker and Associates to be published later this month, the projected size of the market for this year is £19.5m.—representing a considerable growth rate over the size of the market given for 1974 of £12m. Mr. Gerald Baker splits up this market estimate as follows:

Cameras ..... 2.7m.  
Processors, duplicators, etc. .... 1.4m.

Readers and readers printers... 5.8m.  
COM recorders ..... 1.6m.  
Computer Input ..... 1.0m.  
Microfilm ..... 4.5m.  
Consumables ..... 2.5m.  
Bureaux ..... 19.5m.

This survey was conducted on a European basis and shows that the market in Germany is about the same size as the U.K. market; these are by far the biggest in Europe. The next in size is France, estimated at



NCR 456-200 microfiche readers being used by Petrofina (U.K.) in its Cash Allocation Department. A list of debtors is supplied monthly on fiche from the NCR COM Bureau, and as payments arrive the fiche and readers are used to locate the respective invoices.

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COM recorders ..... 1.6m.  
Computer Input ..... 1.0m.  
Microfilm ..... 4.5m.  
Consumables ..... 2.5m.  
Bureaux ..... 19.5m.

This survey was conducted on a European basis and shows that the market in Germany is about the same size as the U.K. market; these are by far the biggest in Europe. The next in size is France, estimated at

Cameras ..... 2.7m.  
Processors, duplicators, etc. .... 1.4m.

Readers and readers printers



## Microgen for COM!

### COM saves

COMPUTERS  
STATIONERY COSTS  
COMPUTER TIME  
STORAGE SPACE  
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INFORMATION  
RETRIEVAL TIME

Our DATAGRAPHIX 4500/150 and our DATAGRAPHIX 4460 with their on-line computers produce roll film and fiche fully titled and indexed directly from print image tapes. **COM FORMATTING** is not necessary. We already process tapes from the following computers:

ICL 1900 (XRMF, George II and George III), ICL SYSTEM—4, IBM, HONEYWELL, UNIVAC, BURROUGHS, RXDS and CDC.

We also use the full capability of the electronic medium by varying character size and page format to increase readability. Further facilities include typesetting simulation and graphics.

A PERTIC 3700 enhances our operations and we carry a full range of software for fiche, roll film and specialist indexing.

Our high speed duplicating equipment, fully trained personnel, efficient transport and experience in microfilm technology ensure exceptional service and reliability.

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Contact Alan Bratchell at Watford 41387.

## MICROFILM II

# Saving space in the office

THE MAIN reason that the use of microfilm is spreading even during a time of recession in the economy and against forecasts of a sharp drop in overall investment is that the user can save space in the office and so reduce the rent bill. At the same time, although the purchase price of standard microfilm equipment does not amount to an enormous sum in many cases (averaging perhaps around £25,000 to £40,000), there can be large savings in the spending on consumables. For instance, the cost of a 100 feet roll of 16mm film has risen from about £1.20 in 1966 to around £1.76 to-day. That increase of under 50 per cent. in nine years compares very favourably with the multifold increase in the prices of most papers over the same period. And 100 feet of film can contain enough information to fill over 3,000 sheets of size A4 paper.

Furthermore, while the cost of some of the capital equipment has inevitably risen because of inflation, other equipment has actually fallen in price because of the larger economies of scale of production achieved as a result of the expanding market—the personal sort of story as is happening in, say, calculators. Thus, while the costs of some reader printers and cameras have risen, the cost of equipment sold in volume, like smaller printers, has fallen.

### Offset

Even so, in some cases the higher expense of the equipment is partially offset by the higher outputs, so that in the end the unit costs to the user may not have risen as fast as the capital cost of the equipment. Given these advantages, it is not really surprising that the market is growing by over 20 per cent. a year — some companies are boasting of growth

rates of over 50 per cent. — a rate which even independent experts reckon will become the norm towards the end of this decade. One of the first groups to adopt microfilm on a wide scale was United Dominions Trust (UDT), the personal finances house. In 1972 UDT acquired a camera, processor, cabinets and readers and duplicators — all the equipment necessary to run an in-house microfilm operation — for about £25,000.

The management reckons it is saving about £32,000 a year in overheads. The alternative to adopting microfilm would have been to have extended its overstretched paper filing system for customer records. When doing its sums on whether to use microfilm, the management projected a need to file some 10m. papers in 1m. customer accounts by the end of this year, and that would have required some 9,000 square feet of space. However, its customer file library at Holbrook House, Cockfosters, was already occupying 8,800 square feet of space.

The estimated £32,000 of savings stems from 70 per cent. on space and the rest on staff savings, since an increase of 50 per cent. in staff would have been necessary to service the larger paper library — a relevant point at a time when the cost of employing more staff is rising faster than the basic rate of inflation.

Another example of the large-scale use of microfilm was the conversion of the records at Companies House. This exercise is described by Mr. P. Allwood in the May edition of Management Services in Government, published by the Civil Service Department.

### Records

Fifty million pages of documents in the Companies Registration Office of the Department of Trade were put on microfilm, thus helping to solve some of the problems involved in making available to the public the main bulk of company records, amounting to tens of millions of documents, with thousands of new documents being added daily. During the mid-1950s the O and M branch of the Board of Trade investigated the possibility of using microfilm or microprint cards, but neither appeared to be practical at the time.

At the beginning of 1970 Management Services embarked on another major investigation, and it was hoped that, with the development of computer techniques, part of the remedy for the Companies Registration Office might lie in an ADP system. ADP was adopted for companies in default of filing returns but offered no solution to the main bulk of records; in the end microfilm was adopted as the only practicable alternative to the present cumbersome



The use of microfilm at the BBC. Above retrieving scripts before the recent installation of a Caps Microfilm Project Three reader/printer. Below, the new system in operation. It can be used for visual and hard copy reference to BBC Radio scripts going back to 1922.



system of getting the original files out of store. Microfiche jackets — transparent jackets with sleeves into which strips of 16 mm film are fed — were chosen as the most suitable microform. A film unit started work in October 1973, on the long task of filming about 50m. pages of documents from 630,000 existing company files, some of which went back 120 years.

At peak times the storage systems holding the microfiche library at the London reading room will have to handle the retrieval of 3,000 envelopes of microfiche an hour. Twenty-four revolving suspended filing units are being supplied for each of the two libraries at Cardiff and London. Twenty-two duplicators will be installed through its keyboard or by a in London and six in Cardiff. There will be 380 reader work stations in the London reading rooms and 50 in Cardiff. Of course, regular users can have their own readers and work from their offices.

SCAN has adopted the CARD unit manufactured by Image Systems to provide complete five-year annual reports and accounts for all public quoted companies. The CARD units use microfiche and can hold up to 240,000 frames of A4 size information. The system has one of the fastest retrieval times: any frame can be re-

trieved within four seconds. The unit can be driven manually or through its keyboard or by a computer system. Other users are Barclaycard, for validation of credit card limits and Pan-rooms and 50 in Cardiff. Of course, regular users can have their own readers and work from their offices.

The uses of microfilm are various. IPC Business Press Information Services at Kingston-upon-Thames, for instance, is using Scottish Instruments automated microfiche retrieval equipment in the processing of orders for their trade directories published under the names of Kelly's, Skinner and Kompass.

Roy Levine



## "How We Solved The Paper Shortage"

More than 100 years ago, during the Franco-Prussian war, René Dagron photographed some 1,000 messages on a film two inches wide. He then strapped his film to a pigeon's leg and his message flew to Paris where it was projected by lantern on a screen and read.

That was the beginning of microfilm.

Today's microfilm systems allow you to store information in 1/56th the space you're used to.

1400 lbs. of paper will fit in your hand as 5 lbs. of microfiche.

A warehouse-full of computer printouts can be stored in a single room.

And as paper becomes increasingly more expensive and more difficult to get, the use of computer output microfilm becomes a necessity.

### The MMS COM System

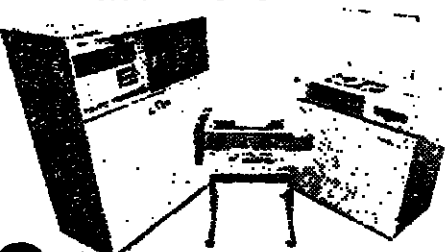
It's CalComp's way of putting together a COM printer, a controller with built-in magnetic tape unit and tape-cartridge drive, a keyboard printer, and the software you need for a microfiche management system. It stands alone. It does not require a host computer.

The CalComp system uses either 105 mm. microfiche or 16 mm. roll film. It can reduce images 24, 42, or 48 times. And the output emerges titled and indexed.

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Examine the CalComp system. We think you'll find the best performance for price in the industry.

Call your local CalComp office, or contact California Computer Products, Inc., PM-56-75, 2411 West La Palma Avenue, Anaheim, California 92801. (714) 821-2011.



CALCOMP

## We're waving flags at Bexford

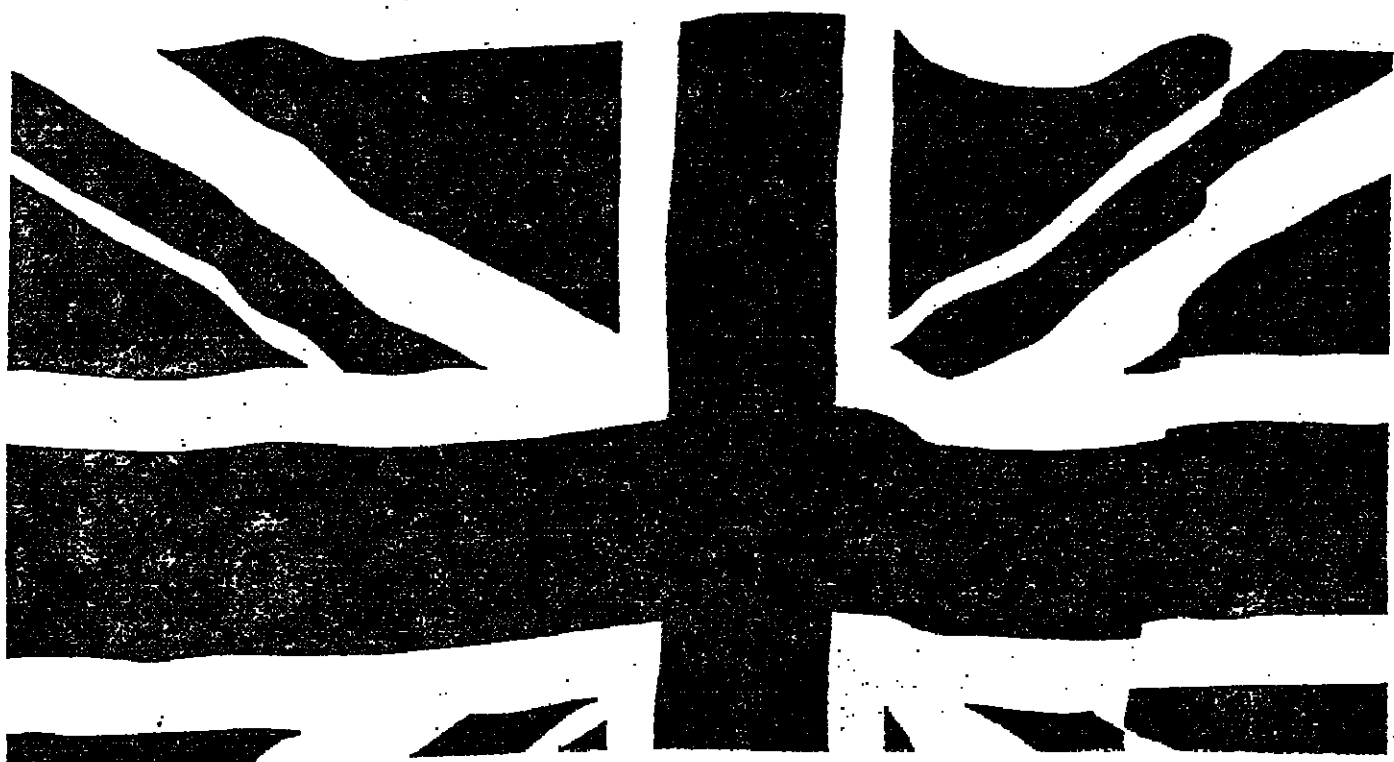
Bexford, an international name in diazo microfilm production, is all-British—and proud of it. Proud too, of an export sales record which this year exceeded even our best expectations.

Technically advanced products, readily available in a comprehensive range—that's the thinking that makes Bexford Diazo Microfilm a world-wide success.

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## BEXFORD DIAZO MICROFILM

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## Micropublishing

MICROPUBLISHING IS the publishing and distribution of information in some form of microfilm. This involves a system by which information is recorded photographically on microfilm and is then duplicated for dissemination—the normal publishing function; but with the difference that the medium is not paper but microfilm. It is different from the normal use of microfilm in that there is not the usual need for large storage and retrieval equipment and less need for updating.

The savings to both the industry and the users can be very large. For instance in the production process there is no need for paper, inks, hard covers and the like. Thus production costs can be lower. There can also be large savings in storage space for stocks since the space required for storing microfilm systems is considerably less than for a paper system.

There are, of course, advantages when it comes to disseminating the information—with postage charges rising, the costs of distribution are rather less. Finally, there are benefits involving quick revision (especially if COM is involved) and in retrieval, since the recovery of information is faster on a microfilm system.

The idea of micropublishing is beginning to catch on, and already considerable inroads have been made in some sectors of the economy. The motor trade, for example, has embraced it as the most convenient method to package its parts catalogues, which can then be easily updated.

The system is already being used in the newspaper and magazine and general publishing industry. And it is gradu-

ally spreading to a much wider variety of users like travel agencies and manufacturing concerns for stock and valuation reports, maintenance manuals, specification sheets and so on. But the biggest potential customers are the libraries and universities, which are beginning to embrace the concept, although their actual implementation of it could conceivably be delayed by the slowdown in Government and local authority spending.

The micropublishing suppliers range from Kodak, which has the biggest installation in Europe at its Fulham plant, to a number of small bureaux who can provide an excellent and competitive service. The best is not necessarily the biggest in this sector.

### Processing

Kodak Micrographics has recently decided to run down its micropublishing bureaux service, although it will obviously continue to provide the equipment and will continue to provide the full processing service on all Kodak film. The reason that it has decided to run down this side of its operation is that a number of its large customers have decided to set up their own micropublishing operations. Brian Tutt, of Kodak, admits that the company got the timing wrong—for there comes a stage in the volume of a client's microfilming business when it pays to start his own operation.

The service is being run down slowly, and any customers who want to set up their own operations are being aided by Kodak. Meanwhile, Kodak is concentrating on its COM side. With the continuing paper shortage and cost escalation, more publishers are looking at ing industry. And it is gradu-

ing their problems. The concept has been slow to get off the ground in Europe, as against the U.S. market, which is more advanced, but strong growth rates are predicted for the next ten years. According to an excellent study by Frost and Sullivan, micropublishing sales are expected to increase at an average annual rate of 51 per cent. in Europe. Together with COM, this is the growth sector of the microfilm industry. The survey shows a projected growth rate for the European micropublishing market of \$7.5m. for 1974 to \$23m. for 1977 and \$84m. for 1982.

Separate figures for the UK are not given, but the point is made that micropublishing through the use of COM is expected to increase by 25 per

Roy Levine



## SCOTTISH INSTRUMENTS

are extending their microfilm activities and now offer not only a full range of retrieval equipment but also complete in-house microfilm systems.

An experienced sales-orientated manager is required to take charge of and develop this new department. Proven track record essential. Excellent salary, commission and company car.

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## MICROFILM III

## Using the computer

IF PAPER prices are going to rise as recently predicted—at over 10 per cent a year plus inflation—it would be logical to expect most computer centres handling a large printer load to go over to output on microfilm (COM) now without any hesitation.

Some service bureaux and the big banking centres are getting through several tonnes of paper a day, and there is no indication of any lessening in the burden. One bank, NatWest, has gone into COM services in a big way, competing across the board with several professional bureaux which have been offering such services for a number of years. NatWest, of course, has the advantage of itself having used COM for its own purposes for a number of years. It also is working closely in conjunction with a U.S. group which has made a major impact on COM in the banking market.

But despite the undoubted marketing power of a bank the size of NatWest, its smaller competitors appear to be doing very well, which seems to suggest that the gloomy predictions of a year or so ago that COM would be a nine days' wonder were wide of the mark—particularly considering the present economic climate! On the other hand, there has been no great rush by private concerns into COM equipment, as their since it does not yet offer the data processing environment, possibly because some still erroneously consider it to be a nice piece of technology to play with, whereas in fact it is a fully proven and extremely ingenious technique. In fact there are engineers in the COM control system "intelligent" so that the limitations on input are greatly reduced. This is one of the electro-mechanical and chemical areas, for some 15 years.

And while there has been a challenge to the basic writing technique of projecting the characters on to the face plate work will present a significant of a cathode ray tube frame at a rate of some 90,000 characters a minute, there is no



A Datagraphix 4550 COM recorder in use at Financial Data Services.

indication that this procedure is in any danger of being displaced. In fact, Datagraphix, which first developed a direct laser method of writing on film, is not really pushing the method, but since it does not yet offer the same controllability of results as the CRT system.

## Reduced

There has, of course, been a major development by the latter company in making its control system "intelligent" so that the limitations on input are greatly reduced. This is one of the electro-mechanical and chemical areas, for some 15 years.

But some user of COM in its

most advanced form insist that it would be a major error to present it as an alternative to the line printer; that is solely as a paper saver. Its function can be far more important than can be measured in terms of speed of production and cost per copy.

Simple recorders with limited processing ability will, of course, barely rise above the latter level. But when a large data processing system is involved, it could be very worthwhile sitting back and considering the total system in conjunction with a COM manufacturer and a major user.

Only in such a context and when considering the benefit to be gained from the ability quickly and cheaply to reproduce a mass of information on microfiche, as well as the possibility of putting together COM and conventional microfilm, can the true importance of

the technique be realised. It is not appropriate—obviously—for short runs, nor in cases where the work sent out on microfilm needs to have a mass of annotation by the recipient.

What is most important is the status of the software interface. If the manufacturer has not done his homework, expensive though this may be, some would-be users may well find that their particular main computer has not been catered for. If they want to avoid complications and expensive work it is hard to see what can be done other than examine the field for equipment that can get around the problem.

The RAF's Supply Organisation has moved into a number of new areas which may be interesting to major distribution organisations. If they have a requirement such as having to produce some 20,000 outputs daily in 20 or so formats to 300

recipients, it might be worth looking at what the RAF has been doing.

Surprisingly enough, the "new" applications are using COM as an intermediary for hard copy, though there are indications that major recipients will begin to take microfilm.

## Automated

Outputs are produced in address order and this is random format in a complex yet highly automated sequence which results in a highly edited 16mm microfilm then put over to a hard copy printer. So the end product here is precisely what some would-be users are attempting to avoid, that is, hard copy. But it must be said that the method is valuable in the degree of automation it permits and the many ways in which it could be manipulated to suit various purposes.

Another suggested and important application is in file capture for a large system when it is handing over to the next generation equipment.

Major users of COM are thinking very hard about the reverse technique—CIM—for computer input from microfilm. This method of operation is thought to have a very considerable system design potential since microfilm offers the cheapest and densest form of information storage.

Once a quick and reliable mechanical method has been evolved of reading the mass of stored data back into the system, many database problems will be solved and costs of using database will fall dramatically, particularly where speed of response is not an overriding criterion.

The U.S. Air Force already has made a move towards simplification and has substituted for its on-line computer system holding personnel records a COM system.

As computers lose still more of their mystique, so more and more advanced technology equipment will penetrate into areas where computers operate well, but expensively. Any application that requires a large software effort to develop and support, such as the above, is at risk.

Ted Schoeters

AGFA-GEVAERT

Inside,  
it's thoroughly versatile.  
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it's simply efficient.

The new Copex D5000 flow-line microfilm camera hides some impressive features behind its simple, clean lines.

For a start, it has two completely independent film units with Simplex, Duplex and Duo functions built-in.

You can feed documents in manually, or through a variable speed autofeed that can handle about 2 miles of A4 per hour at full speed, or be slowed down for delicate papers.

The camera has a choice of three reduction ratios, two of which enable you to photograph both sides of a document in one go.

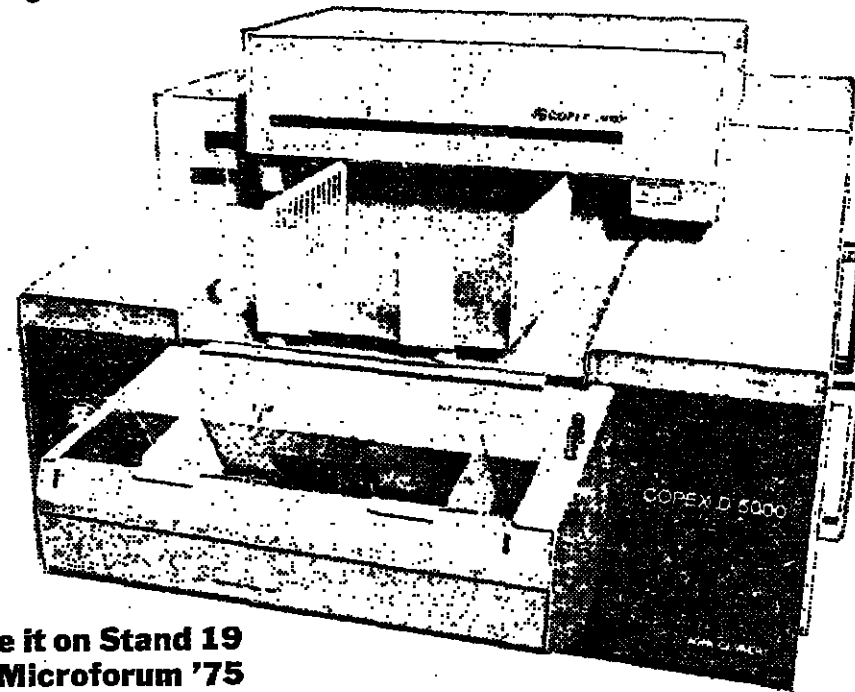
And the Copex D5000 doesn't stop there.

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So it's easy and foolproof to use. You can see the D5000 on stand 19 at Microforum; but if you can't make the show, send us the coupon for more details.



See it on Stand 19  
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## The big guns

THE U.K. microfilm market is dominated by a handful of multinational corporations. It is estimated that the four largest companies—Kodak, Bell and Howell, National Cash Register and 3M—between them share over 65 per cent of the overall market. Of that, Baker Associates, including a two-volume series on COM.

One of the latest booklets on the market is "Microfilming for Beginners" written by Alan Smith, secretary of the Business Equipment Trade Association (BETA) which published the work. The book serves as a useful step-by-step guide to the decisions which have to be made before the actual installation is chosen. There is also a useful list of the equipment which is available on the market, under each company's name. Unfortunately, though, there are no prices.

One of the most important points that Mr. Smith makes is the need for the company considering adopting microfilm first to evaluate the need for it and the exact function it will fulfil. "In some cases when an appreciation has been made, it has been found that no microfilm system is required, but a

potential user, and fortunately there are quite a lot of manuals which he can use to help him decide what are the main characteristics to best suit his requirement. There are several excellent books on the subject published by G. G. Baker Associates, including a two-volume series on COM.

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better redeployment of existing conventional filing systems and services is the answer." While many in the industry would argue with that view, believing that the use of microfilm under virtually any conditions can be cost-justified, a point made remains true—not only because it is essential to do the right arithmetic before spending the necessary capital sums but because such an exercise will help to choose the right kind of equipment for your special needs and then to get the most out of it.

## Identified

Mr. Smith also makes the point that the results of examination need to be communicated to the supplier or consultant when one is used. "It matters not whether a consultant is used or a direct approach made to a supplier: the facts as they currently exist and the objective the user wishes to achieve must be identified."

The final point might seem obvious on reading but is seldom carried through to its logical conclusion. Once the

criteria for a microfilm system have been identified, the company should approach a number of different suppliers to assess which one can best supply the right kind of equipment to meet those specific needs. Advertising literature is often just not enough—invite the representatives of several companies to give personal advice and quotations. In most cases this advice will be free.

A word of warning is given by Mr. Smith in telling readers not to consider price advantages at the early stages. "Probably more costly mistakes have been made by users trying to cut corners on prices than from any other cause. It is vital to determine the equipment and system which will adequately meet the user's requirements."

In the Guide there is a checklist with 25 questions to ask to help determine the criteria for a system. These vary from questions on why the conventional filing system has failed, an examination of the traffic flow of paper through the organisation, how often reproductions of microfilm will be needed, to the availability of staff.

Roy Levine

Most people readily agree Microfilm saves space. Everyone knows space costs money. Yet there are thousands of organisations which still use valuable office space as a paper store.

Whether you're storing office documents, large drawings, newspapers or maps, you would be surprised at the savings Microfilm will afford. Consulting the document is also much easier, cleaner and, as information is PERMANENTLY stored in sequence, you'll find it more quickly and that will save more money.

If you would like to know more, contact us.

We've a very large range of cameras, processors, readers and reader/printers whether for 16mm, 35mm, microfiche or COM systems.

We've also considerable experience.

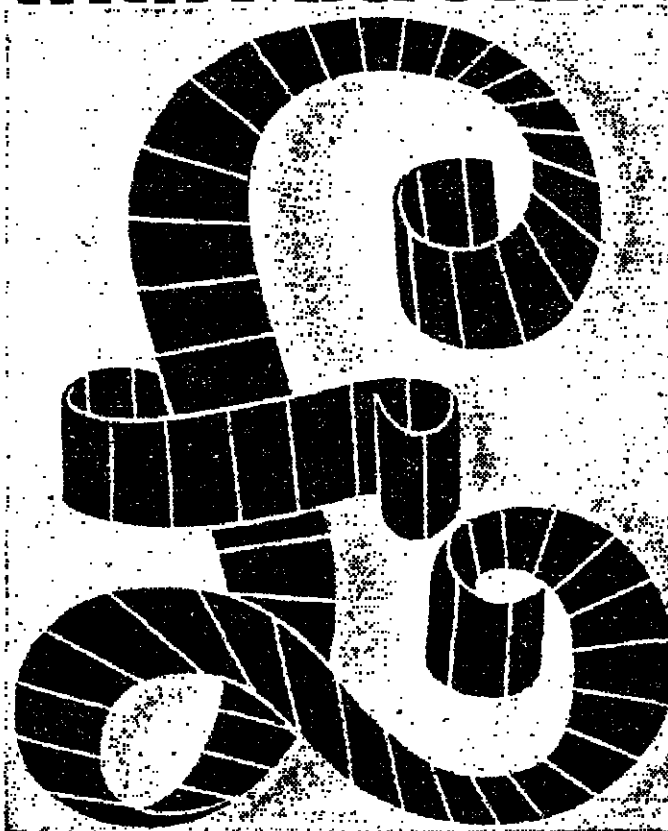
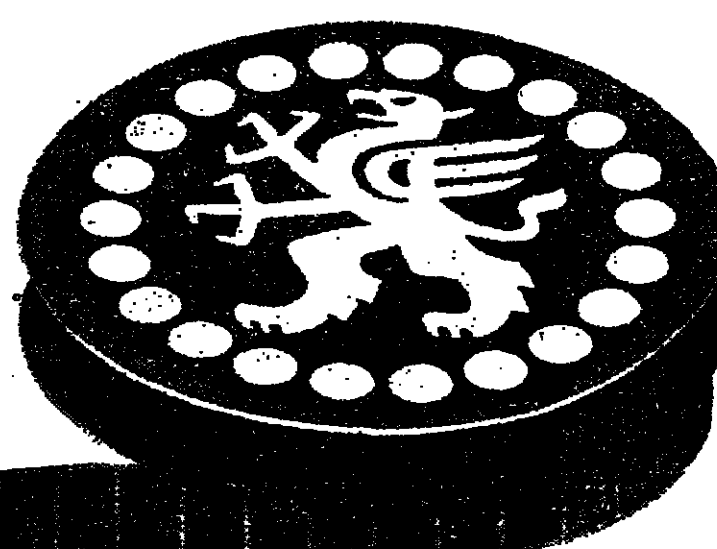
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## WALL STREET + OVERSEAS MARKETS

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## Rally gathers momentum: up 10

## Pound falls

BY OUR WALL STREET CORRESPONDENT

THE RALLY gained momentum on Wall Street today, bolstered by the record decline in April. Inventories reported on Friday, a report that Libya has reduced prices and various types of crude oil, and also improved car sales compared with last year.

The Dow Jones Industrial Average recovered a further 10.09 to 834.56. The NYSE All Common Index recovered an additional 50 cents to 848.60, while gains led losses by 906 to 518. Trading volume expanded 360,000 shares to 16.66m.

U.S. Motor executives said the industry may be coming out of its worst post-war slump while Libya has again reduced its oil price by about 30 cents a barrel, retroactive to June 1.

In other economic news, U.S. Treasury Secretary William Simon said he would favour tax reform over extending tax cuts into 1976.

Late in the session, the Government reported that U.S. industrial production showed a small decline in May for the eighth straight month.

Ford Motor rose \$2 to \$38.81. IBM put on \$2 to \$80.81. Xerox were up \$2 to \$69, after \$63, despite reports that copier competition is mounting rapidly. Honeywell improved \$1 to \$48.81 and Texas Instruments moved ahead \$1 to \$103.

Abbott Laboratories advanced \$1 to \$74 on a two-for-one stock split and its indicated quarterly dividend will rise to 40 cents in November on 25¢ split shares from an earlier 30 cents.

Polaroid improved \$2 to \$33 and Union Carbide gained \$1 to \$35.1.

Chemtronics were lifted \$3 to \$33.1—it expects first-half per share earnings to at least triple its 1974 share earned in last year's comparable period.

Aluminum Co. of America picked up \$1 to \$33.1 on indications of an "upswing in the aluminum business".

Georgia-Pacific rose \$1 to \$44 on bullish earnings forecast. Peter Paul climbed \$1 to \$131 on favourable earnings outlook.

Learn Siegler put on \$1 to \$81—it was selected to make the emergency power generator system for General Dynamics' F-16 fighter plane.

Franklin Miller were up \$1 to \$27 on its forecast of a substantial gain in year net.

The American SE Market Value Index was up 0.12 to 39.50, with advances outnumbering declines by 322 to 284.

Nolex gave way \$3 to \$19 on a volume of 24,000 shares on adverse comment about the potential success of its planned "flip-n-sip" product.

## OTHER MARKETS

## Canada mixed

Canadian Stock Markets were mixed in light trading yesterday. The Industrial Share Index put on 0.58 to 183.66. Base Metals rose 0.37 to 72.75 and Western Oils gained 2.12 to 187.03. But Golds lost 1.13 to 468.85. Banks added 0.04 to 358.82. Others eased 0.07 to 109.07 and Utilities shed 0.02 to 130.57.

Dome Petroleum added \$1.44 to \$29.00 on U.S. institutional buying.

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Nolex gave way \$3 to \$19 on a volume of 24,000 shares on adverse comment about the potential success of its planned "flip-n-sip" product.

Busby Oil rose \$1 to \$181. International Nickel "A" were up \$1 to \$284 and Alcan Aluminum put on \$1 to \$233.

Montreal Trust picked up \$1 to \$121 and Crown Trust added \$1 to \$101.

Inter-City Gas lost 15 cents to \$41 on 27.00 shares.

PARIS—Generally slightly lower, with some monetary and economic uncertainties weighing on market sentiment.

Banks were mixed, while Portfolios, Electricals, Stores and Printings were featureless. Foods, Drinks, Constructions, Engineering, Metals and Oils were all lower.

Bonds were steady to flat. 0.20 lower.

BRUSSELS—Generally lower in quiet trading.

Gevaert gave ground on profit-taking. Intercom lost Frs 40 to 233.

On the Bond Market, Public Issues were largely unchanged, with some issues showing losses of up to DM30.

SWITZERLAND—Markets were mixed with an easier undertone, while investors were hesitant reflecting lack of signs of an economic recovery.

Major Banks were barely steady, while in irregular Financials, Juvena Bearer and Participation Certificates each declined.

Insurance improved in livelier trading, apart from easier Registered Insurance. Swissair was little changed in this trading.

State Bonds were very steady. In the Foreign sector, dollar competition broadened, with higher Among irregular Dutch International, Royal Dutch firmed.

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## Markets start the new Account on a quietly dull note

### Share index down 5.1 at 335.5—Glaxo ex “rights”

000	5.63	5.99	5.94	6.69	8.1
000	17.43	17.78	17.80	17.45	16.5
004	8.16	8.09	8.29	6.10	8.1
009	6.34	6.706	6.729	6.535	6.8
82.95	18.43	18.86	18.37	17.56	18.7
18,062	18.770	18.263	18.731	20.77	
11 a.m. 541.8	NOON 396.1	1 p.m. 389.3			
2 p.m. 392.5					
* Excluding residential exchanges					
per cent. corporation tax. (b) Miller's					
1470.78	192.1m.	1933	Ind. Ord. 17		
Jan.-Dec. 1962					

LOW			S.E. ACTION	
Since Completion				
	High	Low		Jan 16
18	187.5	49.18	Daily-	
	303.66	61.76	Gilt-Edged-	12
	150.4	30.53	Corporation-	12
	72.11	1.75	Specialist-	12
			Totals-	12

563.5	49.4	64.4	131
139.75	(96.40)	(Indefinite)	150
442.3	44.5	Speculative	16
1.2	(107.1)	Totals	187

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### Gold subdued

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**These indices are the joint compilation of the Financial Times The Institute of Actuaries and the Faculty of Actuaries**

EQUITY GROUPS		Monday, June 16, 1975										Friday June 13		Thurs. June 12		Wed. June 11		Tuesday June 10		Year ago (approx.)		Highs and Lows Index	
GROUPS & SUB-SECTIONS		Index No.	Day's Change %	Est. 'N' Yield %	Gross Div. Yield %	P/E Ratio (12/1)	P/E Ratio (12/1) Corp.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	
Figures in parentheses show number of stocks per section.																							
1	CAPITAL GOODS (181)	122.80	+0.4	19.59	6.63	7.55	7.55	121.75	119.58	121.28	123.79	98.90	131.26	51.78	206.57	80	10	10	10	10	10	10	
2	Building Materials (30)	104.25	+1.2	21.18	7.51	7.22	7.22	103.03	101.02	101.94	103.96	99.08	117.40	60.11	146.72	54	12	12	12	12	12	12	
3	Contracting, Construction (23)	230.83	+2.4	16.81	3.86	8.89	8.89	225.41	223.42	227.81	230.43	168.61	251.61	74.74	289.35	84	12	12	12	12	12	12	
4	Electricals (16)	219.77	-1.7	17.13	5.57	8.42	8.42	233.53	214.89	216.39	220.63	194.86	234.64	59.49	259.34	84	12	12	12	12	12	12	
5	Engineering (Heavy) (13)	146.49	+0.5	23.99	7.58	6.31	6.31	145.69	142.54	144.12	146.88	105.88	152.14	60.11	146.72	54	12	12	12	12	12	12	
6	Engineering (General) (65)	107.96	+0.8	20.33	7.41	7.22	7.22	107.15	106.14	108.40	110.81	80.89	117.40	60.11	146.72	54	12	12	12	12	12	12	
7	Machine and Other Tools (11)	42.98	+1.6	18.32	8.28	12.61	12.61	42.81	43.41	42.42	43.49	33.89	48.86	20.11	123.70	19	10	10	10	10	10	10	
8	Miscellaneous (23)	112.11	+0.1	22.43	6.98	6.50	6.50	112.00	111.91	115.24	117.91	90.98	117.40	60.11	146.72	54	12	12	12	12	12	12	
9	CONSUMER GOODS (DURABLE) (39)	86.95	+0.6	20.87	7.06	7.08	7.07	86.46	85.62	87.60	88.39	85.34	93.13	58.39	227.78	38	10	10	10	10	10	10	
10	Electronics, Radio TV etc. (19)	95.58	+0.9	20.14	8.30	7.19	7.18	98.91	97.11	99.63	100.28	99.77	106.34	60.11	146.72	54	12	12	12	12	12	12	
11	Household Goods (15)	133.18	+0.6	21.69	8.01	4.56	4.56	136.35	136.94	137.17	138.45	149.56	160.50	64.55	253.23	84	12	12	12	12	12	12	
12	Motors and Distributors (29)	47.65	+0.9	17.35	9.36	9.02	8.96	47.19	47.04	47.99	48.59	43.34	50.81	60.11	146.72	54	12	12	12	12	12	12	
13	CONSUMER GOODS (NON-DURABLE) (164)	137.64	+0.4	14.63	5.93	9.76	9.71	137.10	134.80	136.55	138.66	104.99	146.43	61.96	226.08	104	12	12	12	12	12	12	
14	Breweries (16)	155.33	+1.1	12.86	6.39	11.62	11.62	152.62	150.27	153.99	155.37	122.12	155.53	75.38	281.87	84	12	12	12	12	12	12	
15	Wines and Spirits (8)	164.14	+1.1	13.74	5.72	10.73	10.73	163.31	159.94	158.10	161.71	135.49	175.45	60.11	146.72	54	12	12	12	12	12	12	
16	Entertainment, Catering (16)	148.41	+3.3	14.51	7.57	10.15	10.15	145.13	143.09	144.08	148.98	116.32	152.14	60.11	146.72	54	12	12	12	12	12	12	
17	Food Manufacturing (22)	148.47	-0.1	14.04	5.29	9.75	9.71	146.74	145.37	145.88	147.47	105.70	135.57	62.03	211.69	84	12	12	12	12	12	12	
18	Food Retailing (16)	137.75	+1.1	11.35	4.54	13.01	13.01	136.30	134.67	136.57	139.79	94.32	149.17	57.19	235.02	54	12	12	12	12	12	12	
19	Newspapers, Publishing (15)	148.32	-0.1	16.79	6.71	8.97	8.97	142.43	140.21	142.48	147.24	132.99	152.14	60.11	146.72	54	12	12	12	12	12	12	
20	Packaging and Paper (13)	97.69	-0.1	24.69	6.99	5.98	5.98	97.75	96.57	97.99	98.78	72.82	107.12	46.46	138.58	54	12	12	12	12	12	12	
21	Stores (30)	121.37	-0.7	11.36	5.34	13.17	13.17	122.22	120.77	123.96	125.03	94.32	149.17	57.19	235.02	54	12	12	12	12	12	12	
22	Textiles (18)	135.76	-0.4	25.75	6.58	6.44	6.44	136.37	135.09	135.35	134.82	113.87	142.91	60.11	146.72	54	12	12	12	12	12	12	
23	Tobacco (3)	190.30	+1.3	17.40	7.00	8.55	8.55	187.80	184.26	183.98	189.43	169.94	199.16	109.92	259.16	84	12	12	12	12	12	12	
24	Toys and Games (6)	41.66	+0.4	30.32	7.40	4.61	4.61	41.49	40.55	42.37	43.05	36.66	44.08	20.52	135.72	20	10	10	10	10	10	10	
OTHER GROUPS (92)																							
25	Chemicals (24)	178.57	-0.6	19.87	5.05	7.21	7.21	179.65	176.51	178.98	181.13	131.47	189.17	75.14	301.92	71	12	12	12	12	12	12	
26	Office Equipment (10)	88.20	+0.8	16.19	6.02	8.31	8.31	87.46	86.74	89.80	92.65	103.55	104.78	45.34	246.06	112	12	12	12	12	12	12	
27	Shipping (12)	349.43	-0.5	22.85	6.88	5.59	5.59	350.37	343.50	351.07	356.43	338.25	401.94	194.39	500.00	84	12	12	12	12	12	12	
28	Miscellaneous (46)	142.77	+0.3	18.48	6.93	7.82	7.82	142.44	139.90	141.93	144.19	117.35	151.95	60.11	146.72	54	12	12	12	12	12	12	
29	INDUSTRIAL GROUP (496)	134.33	+0.3	17.28	6.01	8.53	8.50	134.02	131.94	133.71	135.88	107.55	143.43	69.19	230.17	90	12	12	12	12	12	12	
30	OILS (4)	286.00	+0.4	35.73	5.51	4.17	4.17	298.00	280.95	277.15	281.15	200.57	296.47	105.83	431.66	87	12	12	12	12	12	12	
31	500 SHARE INDEX	147.03	+0.3	18.56	5.97	7.23	7.08	146.66	144.38	146.76	148.08	115.31	156.14	63.49	227.95	84	12	12	12	12	12	12	
32	FINANCIAL GROUP (100)	139.05	+0.6	—	6.18	—	—	138.17	137.65	136.99	138.68	103.80	148.45	56.50	241.41	55	12	12	12	12	12	12	
33	Banks (6)	169.05	+0.3	21.89	6.46	6.80	6.80	168.79	167.35	168.22	169.52	125.54	177.11	62.56	266.58	62	12	12	12	12	12	12	
34	Discount Houses (9)	148.04	+0.8	7.93	—	—	—	147.72	146.19	146.19	153.86	131.70	162.77	62.31	255.78	54	12	12	12	12	12	12	
35	Hire Purchase (5)	90.32	-1.4	37.66	10.16	4.81	4.40	91.64	87.87	87.87	89.31	162.40	134.39	42.81	133.78	38	10	10	10	10	10	10	
36	Insurance (Life) (9)	111.20	-0.4	—	6.14	—	—	110.77	110.41	110.41	113.19	86.20	127.57	44.58	195.45	44	12	12	12	12	12	12	
37	Insurance (Composite) (7)	113.86	+1.3	—	5.79	—	—	112.36	112.04	112.41	113.02	68.38	125.90	44.58	195.45	44	12	12	12	12	12	12	
38	Insurance (Brokers) (3)	195.29	+0.3	10.42	4.33	14.27	14.27	193.51	192.28	192.28	203.80	159.45	210.60	63.96	267.37	62	12	12	12	12	12	12	
39	Merchant Banks (19)	85.74	-0.6	—	7.36	—	—	86.26	86.30	86.15	87.45	93.91	94.97	51.31	278.57	51	12	12	12	12	12	12	
40	Property (32)	166.23	+1.2	5.94	3.19	57.70	56.38	164.90	163.27	165.65	168.36	135.37	141.94	60.11	146.72	54	12	12	12	12	12	12	
41	Miscellaneous (5)	73.38	+0.4	13.60	8.93	10.72	10.59	73.06	72.84	72.81	73.22	86.27	82.41	60.11	146.72	54	12	12	12	12	12	12	
42	Investment Trusts (50)	168.86	+0.3	2.99	4.12	53.40	53.40	168.54	166.95	168.05	171.41	117.99	178.53	73.45	265.79	71	12	12	12	12	12	12	
43	ALL-SHARE INDEX (650)	145.59	+0.3	—	5.69	—	—	145.10	143.21	144.10	146.43	112.25	154.09	62.16	228.18	61	12	12	12	12	12	12	
COMMODITY GROUPS (Not included in 500 or All-Share indices)																							
44	Rubbers (10)	431.66	-2.0	12.02	7.68	9.85	9.43	440.58	434.66	468.39	466.95	360.35	585.43	281.66	555.37	84	12	12	12	12	12	12	
45	Teas (10)	87.25	-0.3	19.79	9.83	6.42	5.94	87.56	86.72	86.36	96.39	102.33	97.56	78.76	121.47	59	12	12	12	12	12	12	
46	Coppers (3)	394.39	—	49.81	19.15	2.01	2.01	399.29	401.36	393.56	388.99	382.67	425.01	101.12	156.79	17	10	10	10	10	10	10	
47	Mining Finance (11)	131.89	-1.6	9.24	4.01	11.79	11.78	134.09	134.19	131.76	132.15	96.44	114.94	80.98	175.90	56	12	12	12	12	12	12	
48	Tins (8)	104.63	—	9.75	7.91	13.34	11.57	104.77	105.12	104.09	105.08	68.81	141.49	88.91	125.43	54	12	12	12	12	12	12	
49	Overseas Traders (13)	222.16	+1.0	15.78	4.07	8.06	8.04	221.71	218.20	220.25	226.10	—	225.51	60.11	146.72	54	12	12	12	12	12	12	
FIXED INTEREST																							
1	Consols 2 1/2% yield	—	—	14.70	14.68	14.90	14.89	14.67	14.86	14.86	14.54	14.53	14.95	—	—	—	—	—	—	—	—	—	
2	20-yr. Govt. Stocks (6)	47.28	13.70	47.33	46.63	46.85	47.45	47.58	47.80	47.83	48.12	48.13	50.09	38.87	116.49	38	10	10	10	10	10	10	
3	20-yr. Red. Deb. & Loans (15)	48.75	16.07	45.79	45.77	46.11	46.24	46.24	46.24	46.24	46.17	47.27	50.88	37.01	115.43	37	10	10	10	10	10	10	
4	Investment Trusts Pref. (15)	41.68	16.67	41.92	41.87	42.21	42.29	42.29	42.18	42.47	43.96	44.96	47.57	35.26	114.43	37	10	10	10	10	10	10	
5	Coml. and Indl. Pref. (20)	57.70	16.31	58.42	58.51	59.35	59.34	59.37	59.29	59.29	59.17	58.15	62.51	34.15	114.56	37	10	10	10	10	10	10	
Section or Group		Base Date	Base Value	Section or Group	Base Date	Base Value	A list of the constituents of the FT-ACQUITIES Share Indices is now available from the Financial Times, 100 Broad Street, London, E.C.4. By inland post to Commonwealth Ltd. Branch 2p.																
Versatile Traders		31/12/74	151.84	FT-ACQUITIES		31/12/74	131.13	CONSTITUTION CHANGES: Midland Versatile Traders (Chemicals) has been replaced by Suez (Shipping); Cursons Group has been replaced by Macarthur Pharmaceuticals (Chemicals).															

	June 16	June 13	June 12	June 11	June 9	June 8	20 yrs.
Government Securities	58.14	58.23	57.96	57.60	58.37	58.83	60.00
Fixed Interest	67.59	67.47	67.32	68.01	68.17	69.14	68.00
Industrial Ordinary	335.6	340.6	334.7	334.3	339.8	339.2	330.0
Gold Mines	369.4	379.9	366.4	378.7	374.9	371.3	360.0
Ord. Div. Yld. %	6.00	5.83	5.92	5.94	5.88	5.64	7.00
Earnings Yld. % (a/b)	17.75	17.45	17.73	17.80	17.45	16.58	18.00
P/E Ratio cont. (a/b/c)	0.04	0.18	0.09	0.02	0.16	0.16	0.06
Dealings averaged	5,869	6,334	6,706	6,729	6,533	6,820	6,000
Equity turnover Em.	—	82,592	77.13	68.86	74.27	76.09	70.00
Equity bargainable Em.	—	18,062	18,460	18,282	18,136	20,767	20,000

10 a.m. 341.3, 1 p.m. 341.8, Noon 350.1, 1 p.m. 353.3,  
 2 p.m. 355.5  
 Latest index 61.24, 25.51, 1 Excluding residential.  
 (a) Based on 32 per cent. corporation tax. (b) NI=12.5  
 Basis 100 Govt. Secs. 1919-20. Fixed int. 1933. Ind. Ord. 1938.

	1976		Since Completion		June 1976	June 1977
	High	Low	High	Low		
Govt. Secs.	62.34	49.10	127.4	99.18	Daily	
	(31.5)	(51.0)	(91.158)	(61.718)	Gill-Edged	121.2
					Industrials	220.1
Fixed Int.	62.11	49.03	127.4	99.18	Spec. Inv.	147.6
	(31.5)	(51.0)	(91.158)	(61.718)	Totals	133.3
Ind. Ord.	365.5	108.0	543.5	49.4	Delay Av.	
	(65)	(61)	(1.623)	(269.40)	Gill-Edged	156.2
					Industrials	161.0
Gold Miners	441.5	122.0	626.7	107.71	Spec. Inv.	147.6
					Totals	147.6

only the turn harder at 316p, while British Petroleum improved to 317p. The latter's interest was largely responsible for firmness in Royal Dutch,  $\frac{1}{2}$  higher at £274.

Mixed movements were the order of the day in the foreign exchange market. U.S. and West Bankster made a firm showing at 156p, up 4, awaiting Thursday's interim results. In contrast, declines of 5 occurred in the 100s, 130p, 20s, and Incheaps. 365p, while Great Northern were 2 points off at 541.

Features were few and far between in Trusts and Financials. However, Jersey General managed to rise 15 to 256p and S. Pearson hardened 5 to 123p.

With the exception of Reardon Smith & Co., which improved 7 to 217p, Shippers drifted lower due to lack of support. P & O Deferred cheapened 2 to 99p and Sheaf Steam lost 8 to 140p.

Courtaulds lacked support and drifted 5 lower to 126p in the regular time. Late publication of the results left Atkins Bros. (Hosiery)  $\frac{1}{2}$  cheaper at 284p, while the sharply reduced half year earnings brought about a reaction of 10 in the 100s.

The firm rose 15p in front of the results, West Camberland Silk Mills eased on them to close only 1 better at 17p.

Tobacco leaders saw very little rise, but closed a shade easier for choice.

With sentiment helped by the firm commodity price and good results from Warren, Tees and Collieries, India tea continued to close firmer throughout. Warren closed 4 better at 75p.

"High" of 265p xid. Consolidated Tea and Lungs, 175p xid, and Nilsa, 210p xid, were both 3 d

## Gold's subdued

It was a lack-lustre day in the share markets generally, the shares remained subdued by an uninspiring batch of half year results. The London market was by the South African propped while the bullion price had more yesterday than flourish, growing to close 25 cents of 516s 10d.

Scattered sales in the absence of buying interest, apart from a few Continental orders, were the order of the day. The market was losing 10s to 969s 10d, the price falls, the marginal ducers "Salles", 330p, Durban Deep, 530p, dropped and 50 respectively. Of the high grade mines, Hartbeesthoek fell 11 to £24.

Financials, both U.K. and overseas-based, tended to although losses were minor. The higher half-year profits in the interim came after hours, Nilsa Wits. eased 10 to 455p xid. Charter were slightly eased to 180p, but the annual results and chairman's statement will be published on Friday.

Australians marked time. Sydney and Melbourne markets being closed for the Queen's Birthday. But the local producers eased, Cudgen Ranges 15s to 55p and Western Sandstone 8s to 50p. Elsewhere shareholders rallied 15 to 475p xid. The market closed 10p. London The lost 7 to 10p, lowering the dividend from

Stock	Denomina- tion	No. of marks	Closing price (p)	Change on day	1975 high
Glaxo "New" .....	NH/pd.	20	174 <sup>+</sup>	—	192 <sup>+</sup>
ICI .....	£p	11	287	+ 4	302
" and Met. ....	£p	12	65 <sup>+</sup>	+ 1	69
Chertall Bank .....	£p	25p	111	+ 2	118
EMI .....	£p	10	320	+ 5	335
BATs .....	25p	9	172	+ 5	200
Chertall Bank .....	25p	9	130	+ 2	138
Distillers .....	50p	9	139	+ 11	149
Lorino .....	25p	8	139	—	159
Marcks & Spencer .....	25p	9	234	+ 3	256
Midland .....	25p	9	230	—	265
Shell Transport .....	25p	9	216	+ 1	243
Boots .....	25p	8	246	+ 2	276

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday asked new "highs" and "lows" for 1975.

**NEW HIGHS (30)**

**CORPORATION LOANS (1)**  
Lon. Cpn. 9/10c 84-85

**TEERS (1)**  
Loog John (Intl)

**BUILDINGS (2)**  
Aberdeen Const. Harriose C.J.

**CINEMAS (1)**  
Ulster TV "A"

**DRAPERY AND STORES (1)**  
Rathern

**ELECTRICALS (2)**  
Petrow Hides. Roblason Reetals

AFI International .....	9
Allied Irish Banks Ltd. ....	9
Anglo-Portuguese Bank .....	10
Henry Ansbacher .....	10
Banco de Bilbao .....	9
Banco de Jerez .....	10
Bank of Cyprus .....	110
Banque du Rhone S.A. ....	10
Barclays Bank .....	9
Barnett, Christie Ltd. ....	11
Bremar Holdings Ltd. ....	104
Brit. Bank of Mid. East .....	9
Brown Shipley .....	10
Cavzer, Bowater Co. Ltd. ....	10

OPTION DEALING DATES				
First Dealings	Last Dealings	Last Declaration	For Settlement	
Jun. 10	Jun. 23	Sep. 4	Sep. 18	Siebens Oil and Gas, M. Cavendish, Town and Commercial, Charterhall Finance, Cadbury Schweppes and A "put" was done in ICI
Jun. 24	July 7	Sep. 18	Sep. 30	"doubles" were arranged
Jul. 8	July 21	Oct. 9	Oct. 14	Louche, Thor, Tills, B. and Wilcox, Marshall Cav. and Charterhall Finance.
"Calls" were dealt in				
Babcock and Wilcox, BSR,				

## Lower interest rates

Bank of England minimum lending rate 10% (since May 2, 1975)

Short-term interest rates were weaker in some instances in the London money market yesterday, helped by a full supply of day-to-day credit. The one-month sterling certificate yield fell to 8½ per cent, from 9½ per cent, and the three-month to 9·25 per cent, from 9·4 per cent, and the six-month to 9·14 per cent, from 9·4 per cent, and the one-year to 10·1 per cent, from 10·4 per cent. The authors of a moderate amount of Treasury bills to the Disinflation Fund, in order to absorb surplus funds, and some houses of exchange, also helped to ease the balance of payments, but it seemed possible that the latter, less, that banks carried a certain surplus.

The market faced a net outflow of funds, and the settlements were against the market's favour, but banks brought over a modest sum from Friday, there was a

	Up	Down	Same
	10	27	17
British Funds .....			
Corps. Bonds and .....			
Foreign Bonds .....	15		53
Industrials .....	395	520	1,634
Financial and Prop. ....	154	89	371
Oil .....	8	5	19
Plantation .....	8	8	32
Mines .....	18	63	70
Recent Issues .....	11	10	36
	510	720	2,060

London & European ...	11 1/2
London Mercantile ...	11 1/2
Midland Bank .....	9 1/2
Samuel Montagu .....	9 1/2
Morgan Grenfell .....	9 1/2
Morris Wigram Ltd. ...	10 1/2
National Westminster	11 1/2
Northern Comm. Trust	10 1/2

L.G. INDEX  
GOLD 162-166

RATES	
Atlantic Assurance ...	11%
Cannon Assurance .....	9%
Rates shown under Insurance and	



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**\*\*BRITISH FUNDS**

1919	1918	Stock	Price	1919	1918	Stock	Price
140	140	Kansas City Stock	140	140	140	140	140
134	134	Lawrence, Mo.	134	134	134	134	134
137	137	Leavenworth, Mo.	137	137	137	137	137
142	142	Lincoln, Mo.	142	142	142	142	142
134	134	Madison, Mo.	134	134	134	134	134
137	137	Marion, Mo.	137	137	137	137	137
134	134	Meriden, Mo.	134	134	134	134	134
137	137	Midvale, Mo.	137	137	137	137	137
134	134	North Kansas City	134	134	134	134	134
137	137	Overland, Mo.	137	137	137	137	137
134	134	Pacific, Mo.	134	134	134	134	134
137	137	Princeton, Mo.	137	137	137	137	137
134	134	Rockford, Mo.	134	134	134	134	134
137	137	St. Louis, Mo.	137	137	137	137	137
134	134	St. Paul, Mo.	134	134	134	134	134
137	137	St. Peter, Mo.	137	137	137	137	137
134	134	St. Joseph, Mo.	134	134	134	134	134
137	137	St. Charles, Mo.	137	137	137	137	137
134	134	St. Louis, Mo.	134	134	134	134	134
137	137	St. Paul, Mo.	137	137	137	137	137
134	134	St. Peter, Mo.	134	134	134	134	134
137	137	St. Joseph, Mo.	137	137	137	137	137
134	134	St. Charles, Mo.	134	134	134	134	134
137	137	St. Louis, Mo.	137	137	137	137	137
134	134	St. Paul, Mo.	134	134	134	134	134
137	137	St. Peter, Mo.	137	137	137	137	137
134	134	St. Joseph, Mo.	134	134	134	134	134
137	137	St. Charles, Mo.	137	137	137	137	137
134	134	St. Louis, Mo.	134	134	134	134	134
137	137	St. Paul, Mo.	137	137	137	137	137
134	134	St. Peter, Mo.	134	134	134	134	134
137	137	St. Joseph, Mo.	137	137	137	137	137
134	134	St. Charles, Mo.	134	134	134	134	134
137	137	St. Louis, Mo.	137	137	137	137	137
134	134	St. Paul, Mo.	134	134	134	134	134
137	137	St. Peter, Mo.	137	137	137	137	137
134	134	St. Joseph, Mo.	134	134	134	134	134
137	137	St. Charles, Mo.	137	137	137	137	137
134	134	St. Louis, Mo.	134	134	134	134	134
137	137	St. Paul, Mo.	137	137	137	137	137
134	134	St. Peter, Mo.	134	134	134	134	134
137	137	St. Joseph, Mo.	137	137	137	137	137
134	134	St. Charles, Mo.	134	134	134	134	134
137	137	St. Louis, Mo.	137	137	137	137	137
134	134	St. Paul, Mo.	134	134	134	134	134
137	137	St. Peter, Mo.	137	137	137	137	137
134	134	St. Joseph, Mo.	134	134	134	134	134
137	137	St. Charles, Mo.	137	137	137	137	137
134	134	St. Louis, Mo.	134	134	134	134	134
137	137	St. Paul, Mo.	137	137	137	137	137
134	134	St. Peter, Mo.	134	134	134	134	134
137	137	St. Joseph, Mo.	137	137	137	137	137
134	134	St. Charles, Mo.	134	134	134	134	134
137	137	St. Louis, Mo.	137	137	137	137	137
134	134	St. Paul, Mo.	134	134	134	134	134
137	137	St. Peter, Mo.	137	137	137	137	137

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**BLINE**

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Tuesday June 17 1975

**SECURITY SYSTEMS**  
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**EVERED GROUP**  
Albion Road, Willemsdorp  
Tel: 94-65281, Telex: Willemsdorp

## Third reflation package for Japan

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, June 18.

JAPAN TO-DAY announced an eight-point package of economic measures to boost demand by about Yen1,800bn. (\$2.6bn.) in the current financial year.

It was the third set of reflation measures since February. Mr. Takeo Fukuda, chairman of the economic cabinet, said the package would play a "significant role" in lifting Japan's economy into full recovery.

This claim was contested however from within the Government by Mr. Toshio Komoto, Minister for International Trade and Industry, who has been campaigning for more decisive measures.

Mr. Komoto said after the announcement of the measures that he was not satisfied and felt it "open to question" whether they would really stimulate a recovery.

The need for the new measures was underlined by the trade figures for May which were also announced today.

Exports fell by 5 per cent. compared to May 1974 to total \$4.31bn. Imports fell by 15 per cent. the fourth consecutive monthly decline and the steepest to date, to total \$4.31bn., giving Japan a balance in its visible trade for May.

The low level of exports in May resulted in an overall balance of payment deficit of \$300m. and would seem to suggest Japan is at last beginning to be seriously affected by the payments problems of some of its major trading partners in Asia and elsewhere.

The deficit would have been larger but for a somewhat untypical surplus on long-term capital account of \$170m. This was caused by a \$240m. inflow of foreign capital mainly into Japanese securities which more than offset the outflow of direct long-term investment from Japan.

The main deficit item on the May balance sheet was invisibles, in the red by \$560m. The short-term capital balance together with errors and omissions was in equilibrium.

The exact balance between imports and exports last month contrasts with recent predictions (including some from Government sources) that Japan may run a trade surplus of anything up to \$10bn. during the fiscal year.

These predictions could clearly be falsified by a disastrous fall in the capacity of Japan's trading partners to buy its products but for the time being such fears would seem to be premature.

Seasonally adjusted trade figures which were also released today by the finance ministry gave a trade surplus of \$505m. for May with exports at \$4bn. and imports at \$3.9bn.

The seasonally adjusted figures show an 8 per cent. fall in exports from April and a 1 per cent. fall in imports.

The new economic package consists of an eight-point programme with the emphasis on increased finance for housing, acceleration in the placing of public works contracts and lower deposit ratios for hire purchase buying of cars and other consumer products.

Government sources said the eight-point package should create demand totalling some ¥1,800bn. equivalent to roughly one per cent. of Japan's present GNP, but there is some doubt as to the speed with which they will take effect.

Public works contracts may not necessarily be reflected in actual demand for goods and services for up to one year after their signature. Additional government finance for housing only serves to stimulate actual housing starts if equivalent finance is available from commercial banking sources.

Editorial comment Page 18

## Whitbread may bid for Long John

BY MARGARET REID

A TAKE-OVER bid may be made by the large Whitbread brewery group for Long John International, the whisky and gin concern of which 75 per cent is owned by Schenley Industries of the U.S. itself a subsidiary of the conglomerate Rapid-American Corporation.

Rapid-American, which reported a net loss of \$43.5m. (£19.1m.) for the year to January 31 1975 and recently halved its quarterly dividend to 12 cents a share, has been disposing of certain interests to reinforce cash.

It lately agreed to sell its International Playtex giraffe company—the second largest sector of the group after Schenley's Esmark for \$210m. (\$22m.).

The announcement that talks were taking place which might lead Whitbread to make an offer for Long John was forced by a rapid upsurge in the latter's share price in the last two or three days.

After the statement, the price leapt further ahead to close 26p up at 168p, compared with 125p at the beginning of June.

At this price, Long John, whose products include Long John Scotch Whisky and spirits, is valued at £13.4m.

Originally British, the company, incorporated in 1898,

was acquired by Schenley in 1964 and was floated on the market in 1967, with 25 per cent. of the shares being sold to outside investors.

There are now some 3,000 shareholders. The name was changed to the present one in 1971.

In 1974, Long John, which has several whisky distilleries in Scotland, made profits of £2.4m. from sales of £25.3m.

The Board, headed by Mr. Ian Coombs, yesterday advised holders to take no action over their shares, pending a further announcement.

The likelihood last night seemed to be that the talks, which appear to have begun with an initiative on the Rapid-American side, may take about a fortnight.

Rapid-American has manufacturing and retail interests including a chain of clothing and other stores. As a result of its shedding certain interests this year the 1974-75 loss rates of its continuing activities are substantially lower than the total originally announced for the larger business.

Whitbread, some £50m. of whose turnover (£235m. in 1973-74) was accounted for by wine and spirits, already acts as a distributor of Long John whisky.

See Men and Matters Page 18

## Price freeze not ruled out: Mrs. Williams

BY JOHN HUNT

A PRICE freeze is not ruled out by the Government in its options open to it in curbing the high rate of inflation. Mrs. Shirley Williams, the Prices Secretary, indicated in the Commons yesterday.

But she emphasised that it would be a mistake to jump to the conclusion that this is the course of action that the Government will follow. She also stressed that any such policy would have to be accompanied by wage restraint.

She faced demands from Labour MPs for "drastic measures" after she told the House that Friday's figures for the retail price index taken over the last three months (March, April and May) grossed up to an annual rate of inflation of 33.1 per cent. She pointed out, however, that the quarterly figures had been heavily distorted by Mr. Healey's Budget.

Mr. Eric Heffer, the former Labour Minister of State for

Industry, demanded that the Government should consider the whole question of inflation during a price freeze on certain commodities along the lines suggested by the ASTMS and other unions.

Mrs. Williams told him "I am interested in any such proposals and proposals coming forward at the present time from trade union leaders. But you must accept that there must be a general restraint on incomes if a price freeze is to be of any purpose."

Mr. John Biffen, the right-wing Conservative MP for Oswestry, called on her to say categorically that she would not countenance a price freeze.

But Mrs. Williams would give no such undertaking and replied: "It is the first responsibility of the Government to leave all possibilities open in dealing with the rate of inflation."

Parliament, Page 12

## Hopeful signs for durables shops

THE LEX COLUMN

The sales outlook for durable goods shops seems remarkably bright, considering the amount of sales that were pre-empted by the post-Budget boom. That, at any rate, was the message from Comet Radiovision and a number of its competitors yesterday. Comet had figures to prove it, and its shares rose an eighth to 45p on the day.

Profits in the six months to February were a fifth ahead at £1.4m. pre-tax, and for the year as a whole a substantial rise is promised. Its sales so far are 8 per cent. down on a comparable basis. But the group has cut back stock lines and overheads: the advertising budget was chopped by 35 per cent. and staff numbers by around a quarter. Since then, the post-Budget spree brought Comet the equivalent of over three months' business in a period of just 2½ weeks in April. Subsequently, of course, the picture changed dramatically, but the group hopes to be back to a normal level of sales by September.

To complete an admirable statement, Comet has produced an audited interim balance sheet, which underlines an improving cash situation. Last August, net overdrafts were £300,000 greater than tangible net worth. Half way through 1974-75, the group had net cash balances of £2.1m. and the figure is now nearer £6m. That may be temporary, but the current market capitalisation is just £5.2m.

The share price is now 50 per cent. above its Budget day level, but plenty of other durable retailers have lagged well behind a rise of some 15 per cent. by the market since mid-April. Currys and Dixons' Photographic are notable examples.

In contrast the earnings indications coming from the sector are still encouraging. Currys' sales in May were almost 50 per cent. down in cash terms but the earlier buoyancy has kept profits ahead so far this year.

The sheer strength of retail sales in April can be judged by a rise of 68 per cent. by the John Lewis Partnership in the final week before the VAT increases, while, according to MEX Warehouses, the spending over on to areas not washed by the higher VAT rates. As May progressed the Partnership's sales of electrical appliances began to stabilise, but retailers generally are still making heavier weather of their radio and TV set sales.

Index fell 5.1 to 335.5

Overall durable sales are still well ahead of 1974 levels, and yesterday's provisional figures suggest that for retailers generally May's setback did no more than offset April's boom. Luckily for the Chancellor, personal savings are still running at record levels—despite the opposing pressures of inflation.

Whitbread/LJI

Long John International has been a bid story for as long as most people can remember, and the shares had been whistling up in the two days prior to last night's news of an approach from Whitbread. They closed at 168p, up 26p, where the market capitalisation of £13.4m. compares with 1974 earnings of £1.4m. and shareholders' funds of £12.3m.

The balance sheet includes over £14m. of four- to five-year-old whisky and spirits at cost. But in the present unsettled state of

Spain and Sweden. In addition it produces the equivalent of nearly 700,000 cases a year in bulk form for its present parent, Schenley Industries, which owns 75 per cent. of its shares.

The vendor, which is in turn controlled by Rapid-American, seems very likely to want to cash in one form or another. Whitbread has not got much to spare. A year ago, it had net bank borrowings of £5m., net assets of £10m. So the market's reaction to its preliminary figures, due to be announced on the way any bid package is financed.

Options

The evangelists from Chicago were in town yesterday preaching the benefits of an Options Exchange to a City audience apparently already a good part converted. James Dalton, senior vice-president of the Chicago Board Options Exchange, appearing under the auspices of brokers Bear Stearns, outlined the CBOE's expansion plans—the introduction of puts as well as calls, in spring 1976, and an increase in the number of stocks included from the present 57 to 180-220 within the next 12-18 months.

The number of U.K. stocks covered on any London market would be much less—possibly only two or three dozen—plus the need for widely and actively traded underlying securities. Indeed, CBOE could be in danger of taking its own capacity, though its popularity so far is undoubted. A survey by Hedges, Stirling, for example, shows that option volume even stocks like Xerox is much higher than the volume in underlying securities.

One consequent worry is that the options market is a unique property as a thoroughly integrated index of underlying price volatility. Mr. Dalton yesterday produced figures to answer these doubts—showing, for example, the relative volatility of 40 stocks covered on the CBOE.

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the whisky market, it would be wrong to get too excited about the hidden value here in a bid situation. Similarly, Long John is a unique property as a thoroughly integrated index of underlying price volatility. Mr. Dalton yesterday produced figures to answer these doubts—showing, for example, the relative volatility of 40 stocks covered on the CBOE.

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